MARKET SEGMENT REPORT: SPECIALTY TAK

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Restaurant Business

A BILL PUBLICATION

NOVEMBER 1, 1987

GODFATHER'S NEW BOSS

HERMAN CAIN TALKS ABOUT PIZZA, PROFITS AND PILLSBURY

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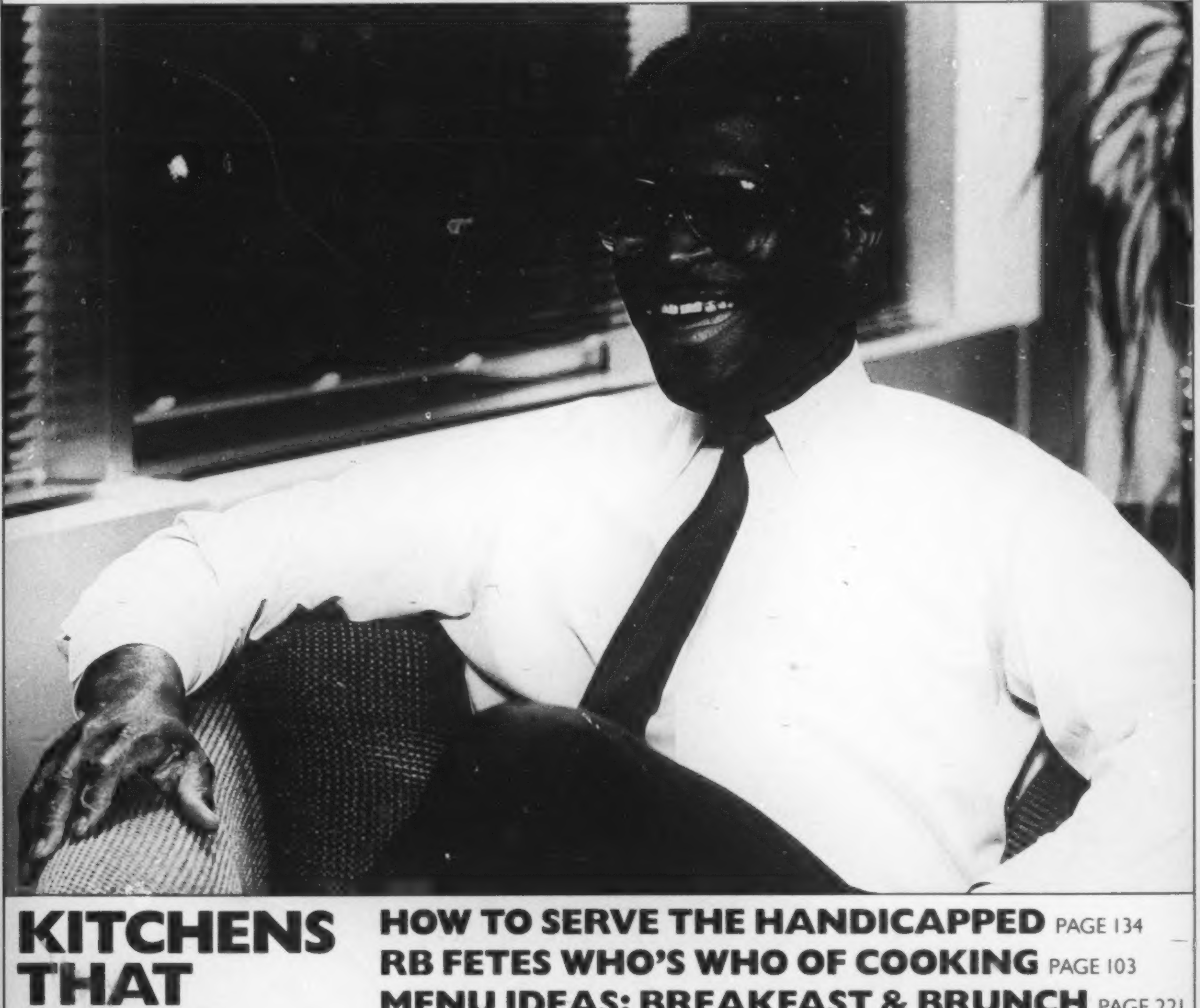

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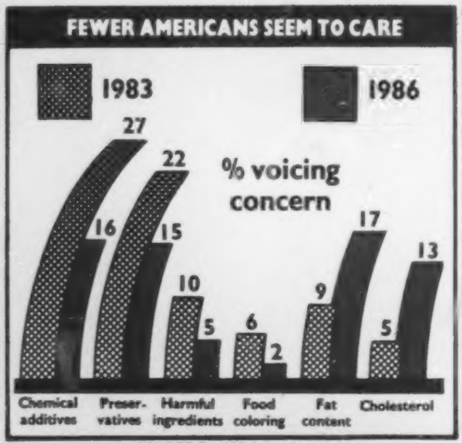
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

FEWER AMERICANS SEEM TO CARE

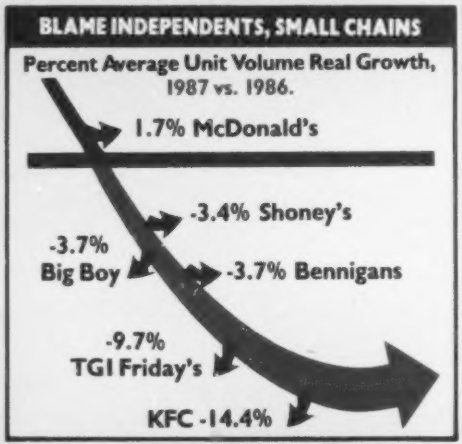


SOURCE: Food Marketing Institute

Concern Drops Over Ingredients

Legislators and foodservice operators still fighting over ingredient labeling on fast food packaging should take a look at the latest Food Marketing Institute figures: They show that consumer concern over things like chemical additives, preservatives, coloring, dyes, processing and "harmful ingredients" has tapered off markedly since 1983. Only their concern over fat content and cholesterol has increased. The figures may make legislators start asking some questions: Do consumers want labeling any more? Would labeling reignite their concern about ingredients, or has it already become a moot point?

BLAME INDEPENDENTS, SMALL CHAINS

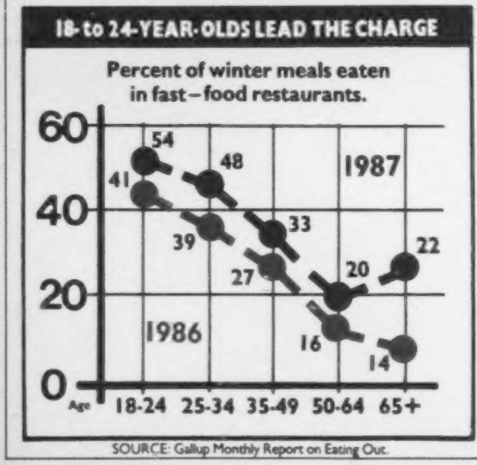


SOURCE: The 1987 Technomic 100

Unit-Volume Dip Reflects Sales Slump

The sales slump operators have been talking about for so long isn't just rhetoric; it's showing up in black and white. According to Ron Paul, president of Chicago-based Technomic Inc., a consulting firm, average unit sales for some of the biggest chains have dipped. Why? "They didn't open as many units as they did the year before," he says. "Independents and small chains were able to steal market share." Paul points out, in fact, that the entire Top 100, as tracked by Technomic, failed to outperform all chain restaurants by a significant margin for the first time since his company began tracking them.

18- to 24-YEAR-OLDS LEAD THE CHARGE



SOURCE: Gallup Monthly Report on Eating Out.

Braving The Cold For Fast Food

Marketing directors planning winter promotions for fast food chains ought to take note: The audience least afraid to brave the cold appears to be adults aged 18 to 24. According to figures supplied by the Gallup organization, sales to that group rose the most during the winter of 1987—13 percent—placing it just ahead of the 25- to 34-year-old age group. Also, consumers in all age groups were more likely to dine in fast food restaurants during the winter this year than last. Those who felt the cold more, consumers aged 50 to 64, naturally ventured out less. Interestingly, those past retirement age ventured out more.

CHARTS DESIGNED BY SHARI FANG

Restaurant Business

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TURNAROUND STRATEGY **GODFATHER'S.** *After three years and three presidents, Omaha-based Godfather's has a new boss in Herman Cain, who has turned the pizza chain around and brought it back into the Pillsbury family of restaurants. The company has posted its first operating profit since 1984 and company store sales are up an average of 10 percent year to year* **119**

Food and Beverage

DRAFTS, CARAFES & SPIRITS **UPSCALE BEER.** *High price-value perception, a relatively benign image with regard to health, easy informality with a touch of class—all these are advantages that the growing subcategory of premium imported and domestic boutique beer enjoys*... **197**

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POLICY **HANDICAP ACCESS.** *Being an accessible hospitality business is a competititve business advantage: It opens your doors to a larger market, provides a safer and more comfortable environment for all your guests, and prepares you for future demographic changes. Just as important as the physical layout, is the attitude of staff; they should be well versed in "disability etiquette"*.......... **134**

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Cover photograph of Herman Cain by Greg Morin Studio.

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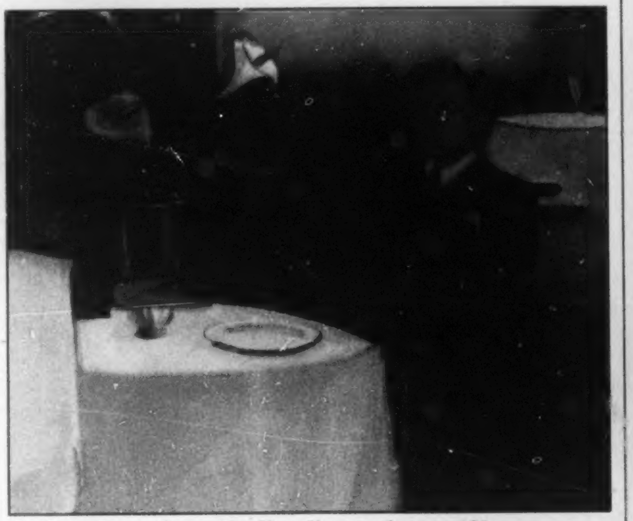

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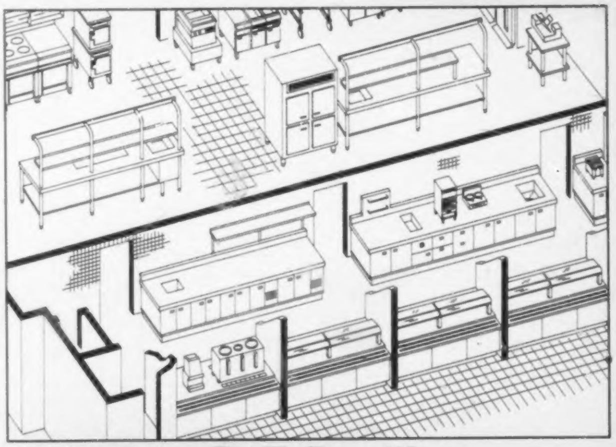

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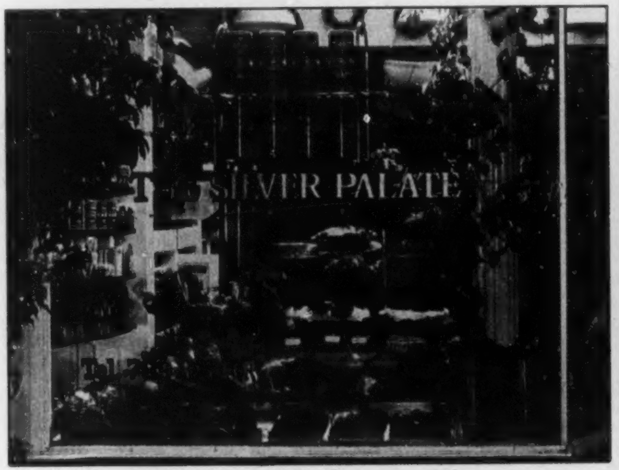

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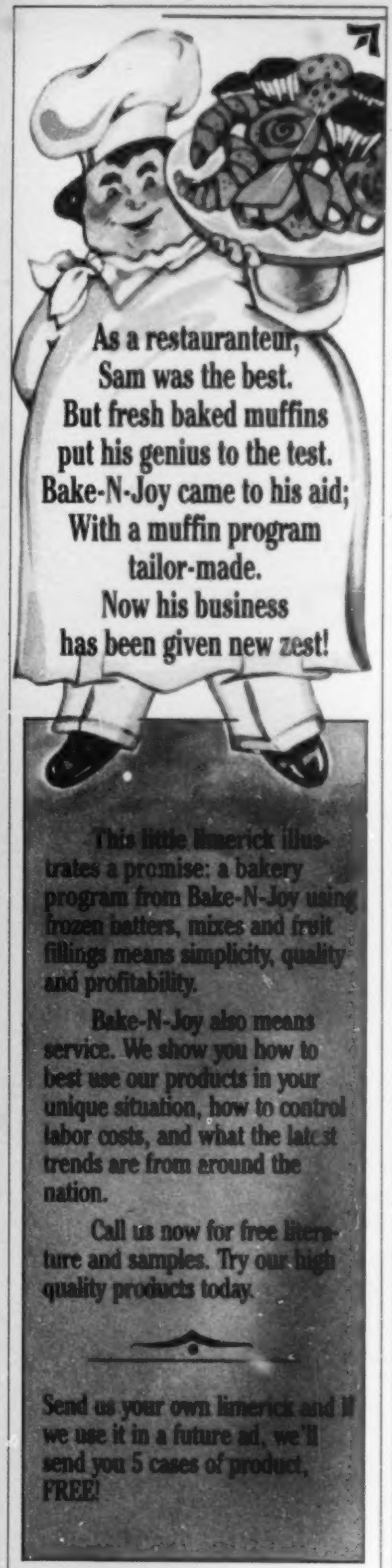

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But fresh baked muffins
put his genius to the test.
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tailor-made.
Now his business
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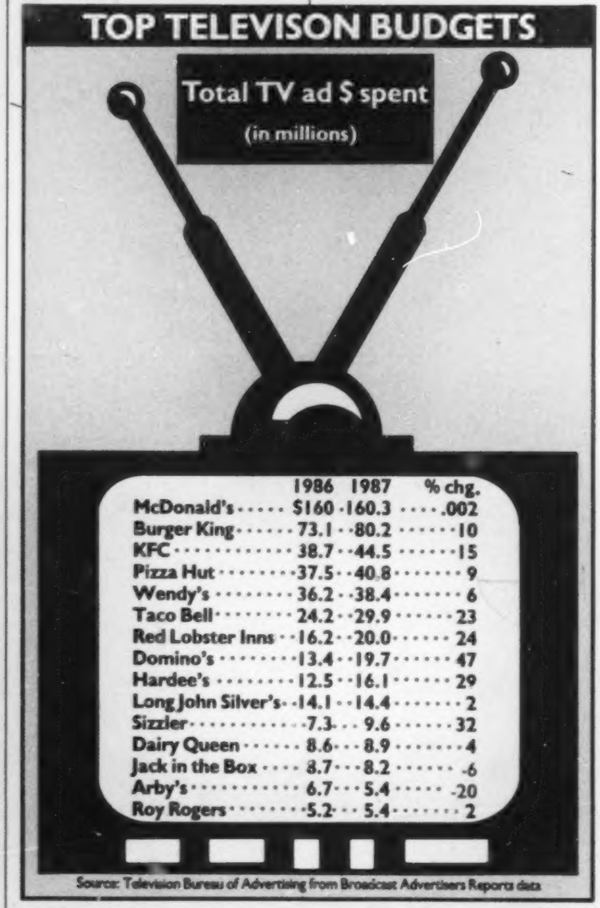
and schoolchildren," adds Whiteman. "That creates surges of people rather than a constant flow of traffic. At the same time, you don't want to disrupt the regular museum goers' experience." He adds, however, that "it's a privilege to work on an important museum. The city doesn't get many."

The Baum & Whiteman Co., which created Windows on the World atop Manhattan's World Trade Center in the 1970s, will soon complete its "restoration and enhancement" of the Rainbow Room, in Rockefeller Center. It is scheduled to reopen in December. "Our effort has been to return the Rainbow Room to the city of New York," says Whiteman. "Over the last decade it had receded from the consciousness of the people in the city."

TV AD BUDGETS ESCALATE AS INDUSTRY SEEKS SPARK

Think it's easy being a fast food giant? Just look at what the industry's big boys had to shell out for advertising in the first half of the year to fend off the flat sales that seem to have settled on foodservice.

TOP TELEVISON BUDGETS



	1986	1987	% chg.
McDonald's	$160	160.3	.002
Burger King	73.1	80.2	10
KFC	38.7	44.5	15
Pizza Hut	37.5	40.8	9
Wendy's	36.2	38.4	6
Taco Bell	24.2	29.9	23
Red Lobster Inns	16.2	20.0	24
Domino's	13.4	19.7	47
Hardee's	12.5	16.1	29
Long John Silver's	14.1	14.4	2
Sizzler	7.3	9.6	32
Dairy Queen	8.6	8.9	4
Jack in the Box	8.7	8.2	-6
Arby's	6.7	5.4	-20
Roy Rogers	5.2	5.4	2

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data

Overall ad spending for the companies listed over the first half of the year increased a staggering nine percent over the first half of 1986, to $611.8 million, according to the Television Bureau of Advertising (see table). Emphasis also shifted from spot to network ads. The biggest increases belonged to Domino's—a whopping 47 percent—and Sizzler with 32 percent. The biggest drop, 20 percent, came from Arby's.

Of course, McDonald's led the pack in total expenditures with $160.3 million, spending a hair under twice the amount of its nearest competitor, Burger King. Yet the burger giant's budget did not change from year to year. Of the 15 companies included in the survey, only Roy Rogers can stake any claim to challenging Kentucky Fried Chicken within the chicken segment.

NO-SMOKING ISSUE SPLITS FL RESTAURANTS IN HALF

Half of Florida's restaurants already have designated no-smoking areas—despite complaints from operators that such sections hurt their business, according to a survey conducted by the Florida Restaurant Association.

The statewide survey showed that 64 percent of the 500 restaurateurs who responded said their businesses would experience a "negative business impact" if designated no-smoking sections were required. Almost half (46 percent) of the operators said that 50 percent or more of their dining seats were taken by smokers in an average evening. When measured for an entire day, the figure jumped to 62 percent of seats occupied by smokers.

Close to 80 percent said a smoking prohibition would result in loss of business.

Only 20 percent of operators, however, said they receive frequent complaints. Two-thirds indicated the complainants represented less than five percent of their customers.

"The fact that 78 percent of our members oppose a smoking prohibition, and 82 percent are against a fixed percentage of seats mandated for no-smoking, is hardly surprising in the face of the industry's present trend toward assuring customer satisfaction on a voluntary basis," says M.J. Mighdoll, executive vice president of the FRA.

He pointed out that the survey showed that 79 percent of operators agree that customers' requests should help determine the number of no-smoking seats, rather than regulations.

The survey also revealed the following points about no-smoking sections:

- Fifty-four percent of restaurants surveyed have air-purification devices—mostly in the form of air conditioning and exhaust equipment.
- In restaurants with a no-smoking section, almost two-thirds allotted at least 20 percent of seating to the no-smoking area. More than a third of the restaurants placed the figure at between 30 percent and 50 percent of the total seating.
- Only 15 percent of the restaurants participating in the survey have been required to take corrective action as a result of a Health Department inspection and citation.

More Insights on p. 36

The climate is right for specialty carryout concepts, as restaurateurs, hoteliers, retailers and grocery store operators have discovered.

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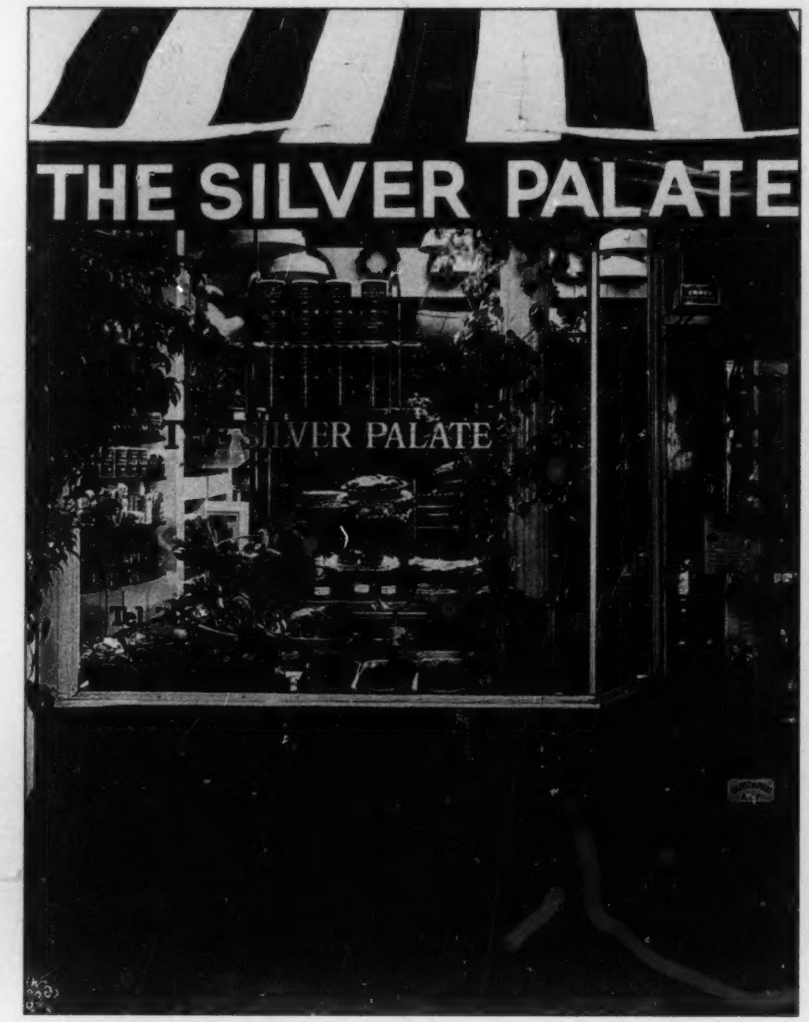

Manhattan's Silver Palate is one of the forebears of the freestanding gourmet food store business.

BY MARTIN ELDER

There is absolutely no doubt anymore that take-out represents a significant potential for business. Restaurants, hotels, B&I operators, and grocery and convenience stores have been quick to realize this, embracing the option of take-out as a way to increase volume with a minimum amount of additional investment. After all, operators reason, the kitchen, the inventory and the staff are already there: Why not utilize them to build additional sales volume?

Of course, pizzerias, quick-service outlets and Chinese restaurants have long been known to consumers for take-out. But in the last five years, a new subsegment has sprung up in response to demand from the growing ranks of affluent, time-pressed working people, that of "upscale" or "gourmet" take-out. The subsegment appears to represent almost endless opportunity for enterprising foodservice operators of all types, who are responding with high-quality, freshly prepared foods to go.

The customer base—those much sought-after baby boomers—are the ones who yawn at pizza and hamburgers and head for the chicken tarragon salad, sesame noodles and fresh carrot juice or sparkling water instead.

But just what is upscale, gourmet take-out food anyway? According to the dictionary, upscale means appealing to wealthy consumers; gourmet implies being a connoisseur in food and drink and the discriminating enjoyment of them. In reality, though, the consumer decides what upscale or

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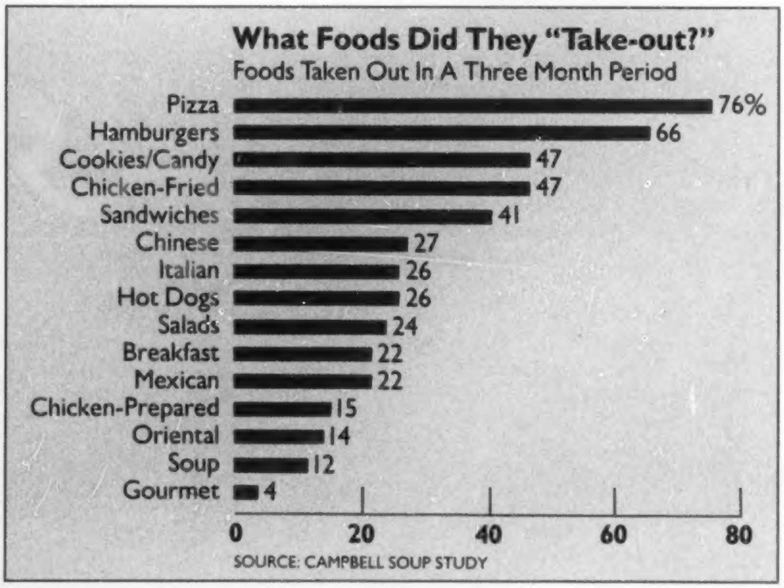
gourmet is. Consequently, it's up to operators positioning themselves in the upscale or gourmet niche to convince consumers that they carry high-quality, freshly prepared food to go.

RELATIVE SCARCITY. This niche is also notoriously hard to quantify—so far, at least. According to one recent study (see accompanying chart), so-called "gourmet" foods were ordered "to-go" by only about four percent of take-out customers in a recent three-month period. But many observers believe that the reason behind this is the relative scarcity of upscale take-out options when compared to such common carryout choices as pizza, hamburgers and fried chicken. It is reasonable to assume, therefore, that as the number of options in the gourmet take-out arena grows, so too will the number of gourmet take-out occasions.

And there is every reason to assume that growth can be achieved. Demographic developments point to it, for one thing. The number of dual-income families is up, suggesting that many wives no longer have the time to cook meals every night, and the huge baby boom target group is entering a phase of family formation, indicating that life will increasingly center around the home. The fact that more than 60 percent of U.S. households own a microwave oven and more than 40 percent possess a VCR (see accompanying chart) lends credence to this notion of Americans as convenience-seeking and increasingly homebound.

What Foods Did They "Take-out?"

Foods Taken Out In A Three Month Period



SOURCE: CAMPBELL SOUP STUDY

Indeed, off-premise consumption of foods prepared in restaurants has boomed as a result. According to CREST, a division of the Park Ridge, IL-based NPD Group, total off-premise traffic in the restaurant industry reached a new high at 44 percent of total traffic for 1986. For the first six months of 1987, off-premise traffic grew at nine percent over the prior-year period, while on-premise volume declined two percent. So-called "upscale" establishments (as differentiated by CREST from quick-service and midscale operations) accounted for a seven percent share of off-premise consumption of prepared foods.

Even more encouragingly, studies by the Washington, DC-based Food Marketing Institute indicate that the heaviest users of take-out tend to be young working professionals with above-average income and education, just the group targeted by much of the foodservice industry.

Operators of on-premise foodservice facilities are vying in the marketplace with boutique take-out-only outlets, businesses that exclude any on-premise dining. In the last few years, operators of all types have created upscale take-out businesses in such settings as small specialty food outlets, major transportation hubs, supermarkets and department stores and the more familiar locations like delicatessens or restaurants with adjoining stores.

In such metropolitan areas as New York, Chicago and Los Angeles, full-service restaurants—long noted for sophisticated, white tablecloth dining—have become alternatives for convenience-minded consumers seeking high-end, freshly prepared food to go. Many operators, in fact, feel the demand for upscale take-out is where the demand for upscale restaurant dining was a decade ago: underexploited.

Operators who realize the upscale take-out segment is booming are tapping consumers' increasing desire for convenience without trading in quality. Today's consumers, especially in the more urban areas, are better educated, more sophisticated, more career-oriented, busier and are less likely to cook at home. Given these lifestyles, eating at home or at the office is quite fitting as consumers attempt to make the most of their free time. The Food Marketing Institute has posited that as the upscale take-out market expands, kitchens in consumers' homes or

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places of business will shift from a place where food is prepared to a place where prepared food purchased elsewhere is merely reheated, if necessary, in a microwave oven and then served.

URBAN PHENOMENON. From all reports, it's reasonable to assume that the upscale take-out segment is showing strength in the more urban areas of the U.S. In the last few years, a myriad of foodservice operators have sprung up in such metropolitan areas as New York, San Francisco and Chicago, opening what they call upscale or gourmet take-out. Many of the new players are now competing with the small mom-and-pop boutiques that were considered new and different about a decade ago. "When we first opened eight-and-a-half years ago, we were considered on the cutting edge of gourmet take-out food on the West Coast," comments Elaine Tanzer, owner of Elephant's Delicatessen in Portland, OR. "Actually, we were synonymous with the European market, where for many years, small, freestanding stores would sell combinations of freshly prepared meals and other homemade retail products under the same roof. Today, hundreds of stores are like this."

Elephant's Delicatessen carries fruits and vegetables freshly picked in the morning before sale. The store's products include truffles, wild mushrooms, raspberries and fresh corn, as well as bottled jams, honey, chutney and olive oils.

Some lessons have been learned over the years, however. "When we first opened we concentrated on more exotic, complicated dishes," explains Tanzer. "In the last three years, however, we have offered more basic, home-cooked meals because that's what most people seem to want. For instance, we have different chicken specials each week. One week we'll have chicken with jalapeño chili and chutney; the next week, Cajun chicken, pepper-filled chicken enchiladas, apricot chicken or chicken with wild chanterelle mushrooms from Oregon." The average meal check at Elephant's Delicatessen is $6.

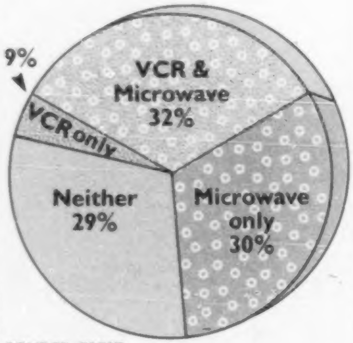
In New York City, the long-established Zabar's operation has seen itself as a frontrunner in gourmet take-out foods as well as housewares. Although Zabar's actually opened 40 years ago as a Jewish delicatessen, it became a gourmet food store 25 years ago.

According to owner Murray Klein Zabar's roasts its own coffee, pickles its own herring and orders in excess of 3,000 pounds of salmon from Scotland, Norway and Ireland every week. The attention to detail must be working: In the last 10 years, Zabar's has expanded from 2,500 sq. ft. to 5,000 sq. ft. of retail space.

Klein says people come to Zabar's because "we carry the best quality homemade food and charge one-third the price of an upscale restaurant." The average ticket runs between $10 and $15. "We also let customers tell *us* what new items we should carry," notes Klein.

The Stay-at-Homes: VCR and Microwave Owners

% of Total U.S. Households, 1986



SOURCE: CREST

Open seven days a week as a take-out store only, Zabar's generates about $30 million in annual sales, thanks to about 35,000 paying customers a week.

Another veteran of upscale take-out is The Silver Palate, which opened in 1977 as a tiny (11 ft. by 16 ft.) shop on Manhattan's not-yet-trendy Upper West Side. The original $21,000 investment that owners Julee Rosso and Sheila Lukins made has exploded into a multimillion dollar business, which includes the Silver Palate store, a full-service catering operation and a line of bottled and packaged goods (including blueberry vinegar, jalapeño jelly, caramel pecan sauce plum chutney, hazelnut fudge sauce and apricot mustard sauce, just to name a few). The owners have also published two cookbooks.

A kitchen leased around the corner from the store turns out most of the fresh food to go. According to Beth A. Hoemke, director of merchandising and communications, The Silver Palate was introducing warm duck salads and roast pheasant stuffed with leeks long before such relatively prosaic items as pesto and pasta had even appeared on many other menus. The owners were ahead of their time in choosing a good location, too—a decaying but affordable neighborhood which has since turned into a trendy, high-rent district filled with restaurants and boutiques.

Another operator with a nose for good locations is New York City-based Zaro's Bread Basket. Some of the company's units are situated in such major Manhattan transportation hubs as Pennsylvania Station, the Port Authority Bus Terminal and Grand Central Station. "We started at Grand Central Station (a commuter train station) 10 years ago with just a bakery and have recently expanded the unit into an upscale take-out deli," comments Stuart Zaro, a principal of Zaro's Bread Basket. The Grand Central unit, alone, he adds, serves between 12,000 and 15,000 customers daily, many of whom are commuters.

Zaro's began in business a half-century ago as a single bakery; it has since expanded into a 16-unit chain, selling frozen yogurt with various toppings, pizza crowned with spinach, curried chicken pasta salad and a variety of sandwiches using many types of freshly baked bread, including spinach souffle in a croissant. "Our biggest challenge in running this business," says Zaro, "is treating customers well, yet getting them in and out of our stores quickly so they don't miss their buses or trains. Thousands of commuters pass us by and if they see our lines are too long, they'll run right past us."

A high-traffic location does appear

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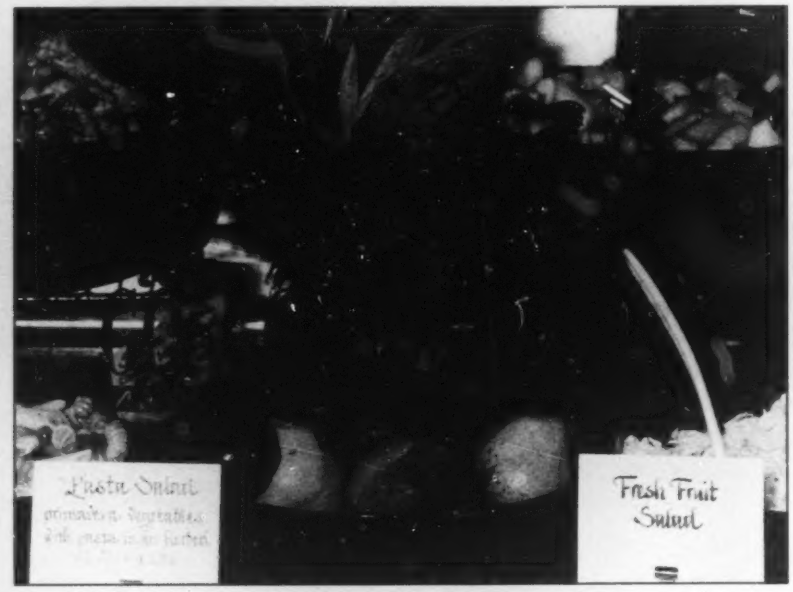
TAKE-OUT



Marshall Fields' Go Go Gourmet concept in Chicago appeals to women shoppers with light, sophisticated prepared foods.

to be one secret to success in the retail take-out market. On the West Coast, Toluca Lake, CA-based Gourmet Fantasies To Go is situated in the heart of several movie and recording studios, including those owned by Disney and Warner Brothers. "We are set up in area populated by about 10,000 people within a 10-block radius," says owner John Lavine. "Half of our business is from over-the-counter take-out; the rest is from delivery. We deliver mostly to offices using two vans."

COST-CONSCIOUS. Because it took Lavine several months to build his business, having started it last December, he has become very cost-conscious. "I plan to add 10 more stores throughout Southern California within the next five years. At the same time, I'm always looking for ways to save on operational expenses."

To do this, Lavine operates a separate, 3,000-sq.-ft. commissary, located about five miles away from his only store in Toluca Lake.

At the commissary, a staff of three chefs prepares all the business luncheons. In fact, Lavine boasts they can prepare for one delivery accommodating up to 2,000 people. His chefs also prepare food to be trucked over to the store. Gourmet Fantasies, adds Lavine, is equipped with deli display cases, freezers, microwaves for reheating and steamtables.

Lavine points out that although he considers his cuisine upscale, it is not exotic. "We've found that people want simple, yet high quality, freshly made food. Some of our biggest sellers include chicken salad with apples and walnuts in a creamy fresh tarragon dressing, served on a Kaiser roll. Fruit salad and other vegetarian dishes are also popular. Some of the more exotic dishes which didn't do that well include rock cornish hen stuffed with wild rice, leeks and mushrooms."

"Although we're in a high-rent area with many well-to-do businessmen, our prices are fairly reasonable," continues Lavine. "The average check here is $4.50."

Other high-traffic areas for upscale take-out stores include supermarkets, hotels and department stores.

Marshall Fields, the Chicago-based retail chain, for example, plans to open an upscale, gourmet take-out unit this fall on the lower level of one of its Chicago department stores. The operation will link a system of underground walkways with several buildings throughout the city. "The new store is designed for commuter traffic, especially during rush hours and cold winter days," explains Rod Fensom, marketing manager, restaurants.

RETAIL ANGLE. Marshall Fields already boasts the "Go Go Gourmet" take-out deli in its Chicago flagship store. "This is where we focus heavily on gourmet salads, not only because there's a lot of variety in them, but because a majority of our clientele consists of young, professional, health-conscious women. Many of them are watching their weight."

Menu items include tortellini artichoke salad, angelotti (another type of stuffed pasta) with pesto, tabouli, Szechuan beef salad and bouillabaisse salad. Other offerings include teriyaki marinated tuna steak with okra and cherry tomatoes as well as prepackaged microwavable selections of cheeses, meats, quiche, kabob dinners and vegetable torte (layers of crêpes with spinach souffle, bean sprouts and pea pods). The average check is $5.

Fensom adds there are many advantages in selling gourmet food to go from a department store. "For one thing, the high-quality reputation of Marshall Fields is a reflection on a small gourmet take-out shop under the same roof. Secondly, a large department store chain can usually afford to hire more manpower to serve customers than can a small independently owned operation. This is especially important during our peak customer periods when we can't afford to be short-staffed."

That reality also seems to work in favor of the gourmet take-out shop at Bloomingdale's in New York City. Says Michael Regina, the department store's fresh food buyer, "Our food themes often fall into place with whatever special promotions the rest of the store features."

For example, Bloomingdale's, he says, is now merchandising Mediterranean products throughout its many departments. "Likewise, our gourmet take-out department is offering food from countries bordering the Mediterranean. We're paying special attention to Sardinia, by featuring such recipes as roasted yellow pepper rolled with pecorino romano cheese, served with olives and rosemary." Also included are several generic Mediterranean special dishes: risotto with porcini mushrooms, and baked pasta with eggplant, tomato, basil, pecorino romano and mozzarella.

Other customer favorites include fresh pasta dishes as well as salmon pot pie with mixed vegetables and a light sauce. The store also sells a wide array of fresh bakery goods, candy, bottled jams and jellies, bottled sauces, smoked meats, smoked fish, caviar and cheeses.

AT-HOME DOLLARS. In addition to department stores, supermarkets represent a growing market for upscale take-out. Many supermarkets are looking to boost revenues from consumer dollars spent on food both at home and away from home. According to the Food Marketing Institute, the nation's supermarkets contributed nearly 23 percent to a total of $62.4 billion in take-out sales last year. Only fast food restaurants and pizza parlors produced significantly better results. Take-out food sales in supermarkets reached $14.4 billion last year, showing an increase of 18.6 percent over 1985.

While the supermarket segment has much in common with convenience stores and freestanding delicatessens, supermarket deli operators—especially those which consider themselves upscale—have distinctive needs that require different marketing approaches. "We can't just sell cold cuts, coleslaw and rice pudding anymore," says Sue Challis, public affairs director for Landover, MD-based Giant Food. "We have to market ourselves more aggressively to compete with other upscale operators. Supermarkets must promote their reputation as a place to buy fresh, high-quality, healthful foods." Challis says that Giant is capturing the maximum number of upscale dollars—"and not just by displaying fresh pizzas or homemade quiche anymore.

"Consumers want a bigger variety of prepared foods; they want menus that change daily, and that's just what we're giving them." Challis says that 20 of Giant's 143 stores have "Gourmet To Go Kitchens," offering over 350 entrees as well as prepared foods that appear in other store departments. Last year the chain began selling a gourmet candy line. The stores devote an average of 2,100 sq. ft. of space to food preparation and a service deli. The space, adds Challis, is consistent with the company's view of the changing consumer. "Soup bars, for instance, stand adjacent to salad bars. In the past," adds Challis, "the deli bars stocked two types of soup and a homemade chili. Today, we offer three or four soups in addition to chili."

party platters

Twenty of Giant Foods' 143 stores feature a Gourmet To Go Kitchen, including this unit in Gaithersburg, MD.

Giant boasts everything from spiced shrimp to asparagus vinaigrette. A section of the deli is used for warming such customer favorites as spareribs, fried and barbecued chicken, and fried vegetables. A variety of premade sandwiches is available and pizzas are prepared in full view of the consumer.

MORE THAN ROOM SERVICE. Hotels, too, are getting into the take-out boom. Virginia Beach Resort and Conference Center (Virginia Beach, VA) came up with a new idea to obtain a fair market share from the local competition. "Seeing that our strongest foodservice competitors became the local grocery stores, gourmet shops and take-out restaurants in Virginia Beach, we decided to convert a 70-seat coffee shop to a 40-seat delicatessen concept, with more emphasis on take-out," comments Deborah Carr, the hotel's director of food and beverage.

The new concept, called Cafe By The Bay Deli and Restaurant, accommodates hotel guests quite well for take-out since all rooms at the hotel are equipped with microwave ovens, re-

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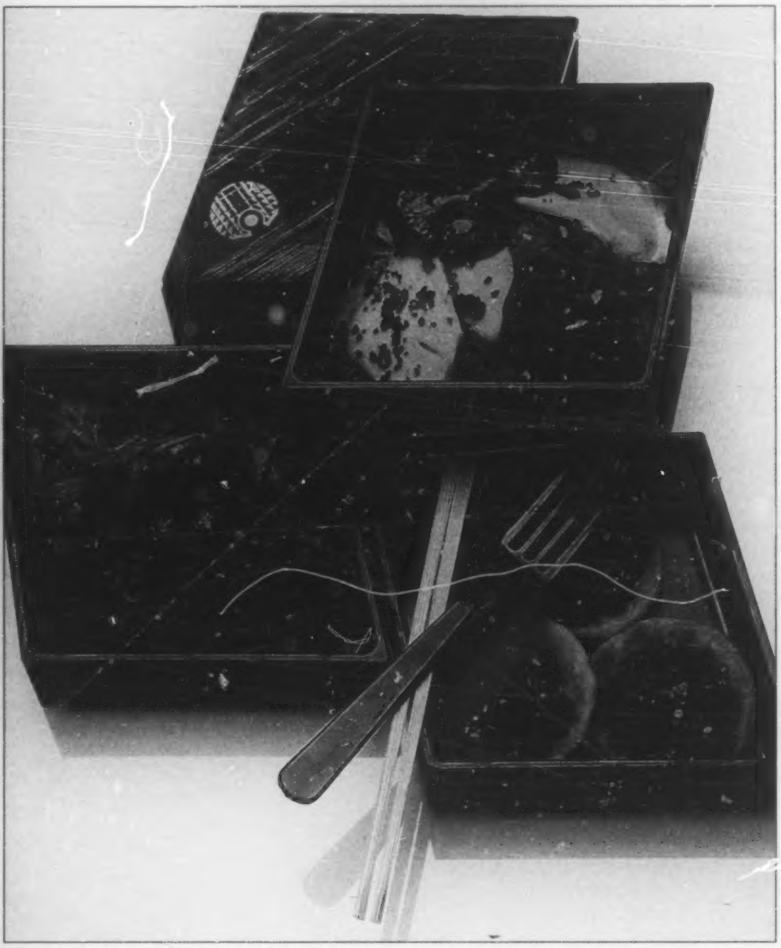
UPSCALE TAKE-OUT

frigerators, wet bars and dining tables seating four. "After guests leave the Cafe," says Carr, "they can either store the food or reheat it in the comfort and privacy of their rooms. Guests can either pick up the food in person so they can see what they're buying, or call roomservice for delivery. Of course, guests can also eat outside the hotel, especially at the beach. That's why we offer picnic lunches at our deli counter."

Carr adds that since the conversion this past spring, the Cafe's average monthly sales volume has jumped from $20,000 to $35,000.



The Quilted Giraffe, in New York City, serves its upscale meals to go in lacquered Japanese "bento" boxes.

The Cafe features generously portioned deli sandwiches, homemade salads, cheeses, desserts and shelving racks which display a variety of crackers, wines, breads, candies, freshly baked cookies and brownies. Business hours are 7 a.m. to 11 p.m. The average breakfast check per person is $3.50, lunch is $5.85 and dinner is $7, says Carr. The hotel has an additional full-service restaurant called Tradewinds which encourages on-premise dining.

In Chicago, the Park Hyatt hotel recently began selling a carryout wicker picnic basket designed for two people. The standard basket costs $45 and includes *baguette* sandwiches, camembert cheese, prepared salads, Swiss chocolate, a red checkered tablecloth, and all disposable utensils. At $200, the deluxe baskets come with all items from the standard basket along with beluga caviar, French champagne and smoked salmon.

The Park Hyatt's general manager Wolfgang Triebnig says the picnic baskets are an effective marketing tool with guests who want to spend a lot of time outdoors.

MAINTAIN QUALITY. There are challenges to take-out, of course. For instance, maintaining quality and freshness is not always easy. According to Richard Lowe, manager of Winnetka, IL-based Beautiful Food, "Making sure food is constantly fresh is one of the biggest challenges in this business. "In the average restaurant, the food is on the customer's table within minutes of preparation. To capture the same freshness in a take-out store, the food should be undercooked so by the time it's taken home and reheated, it tastes cooked to order," explains Lowe. With 1,200 sq. ft. of space and 40 seats, Beautiful Food, located just outside of Chicago, enjoys 40 percent of its business from take-out, 40 percent from eat-in sales and 20 percent from catering. Its menu includes calzone; *focaccio* (a type of sauceless pizza); hot and cold soups; fruit pasta made with fusilli, apples, grapes and poppyseed dressing; and vegetable terrine with fresh chive sauce. The average check per person is $8.95. Picnic box lunches run anywhere between $12.50 and $17.95.

Lowe says boasting an attractive menu list is just one aspect of good menu planning. "Sure we list our specials and standard items like most restaurants. But we also tell customers that if they don't see what they want, just ask us and we'll make it. Customers like to have more freedom of choice."

Indeed, pleasing customers is impor-

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Gourmet Gourmet in Tarzana, CA, features Pritikin Diet-style cuisine—salt- and oil-free—complete with calorie counts on all items.

tant, even if it takes more time and labor to get them in and out of the store during peak hours. "We would love to prepare portion-sized trays of food to-go before we open up each day," says Lavine of Gourmet Fantasies To Go. "That way, by the time customers arrive, we can hand them the tray of their choice and quickly send them on their way. However, we are not a fast food operation. We are upscale. Our customers want personalized service as if they were eating in a four-star restaurant. They want to see us dishing out the food; they want to observe what they're actually buying before it's properly packaged."

CONTAINED. And proper packaging, adds Lavine, is a big part of promoting an operator's product; it's also one of the biggest problems in the take-out business, he adds. "Some of the packaging today looks good, but doesn't seal properly."

"I don't believe there is yet an attractive way to sell hot food to go," says Bloomingdale's Michael Regina. "We need more customized equipment that can better hold and store food. Merchandising quality," he adds, "has not yet caught up with the creative side of our business; our equipment is behind the times."

At the same time, some operators feel their customers are happy with take-out containers. For the most part, those operators are carrying what they describe as highly durable containers equipped with see-through, dome-shaped lids. These lids seal the food airtight when snapped shut. Not only do the containers keep food fresh for consumption, they serve to prevent food from being jostled around while in transit.

According to Barry Wine, owner and chef of the New York-based Quilted Giraffe, high-tech controlled atmospheric packaging seems to be the answer to the future of upscale take-out operations—especially for companies looking to expand beyond their local markets. "To achieve such large scale distribution, The Quilted Giraffe would have to join forces with a large corporation equipped with heavy distribution and packaging skills. That way we can prepare freshly prepared food to go, while our partner would handle everything from packaging the food in dual-ovenable rigid trays with barrier lids to delivering the food as far as our market will bear. The longer the delivery takes, the longer shelf life the food must have. This concept is something we're not equipped for yet. But the fact that upscale take-out is such a growing segment, it's worth thinking seriously about."

At present, The Quilted Giraffe caters to a local market: New York City. "We're in a great location for upscale take-out. Our clientele includes a number of both corporations and individual professionals willing to spend their money on high-quality, freshly prepared meals."

When the restaurant opened in December, 1986, it included an adjacent take-out concept—the Lunchbox Clubbe and Kerryout—where many corporations order *bento* lunches for business conferences. Bento boxes are Japanese stacked lacquer boxes; Wine packs them with what he terms "four-star lunches." Bentos run anywhere between $20 and $50 per person depending on the meal. The operation also prepares *prix fixe* lunches at $40 per person; the meal includes an appetizer, an entree, dessert and coffee. *Prix fixe* dinners are $75 per person, and include everything ordered from lunch, plus a cheese course. The restaurant also features such entrees as cold swordfish, smoked salmon, shrimp and *confit* of duck. Side orders include grilled vegetables and salads

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that come with tomatoes and goat cheese fresh from the the company's farm in New Paltz, NY.

ON THE ROAD. Many operators are finding that they can boost business in the prepared foods to-go sector by offering delivery of foods to home and office. But there are special hurdles here, as well. A major problem is the image of the delivery person, whose appearance reflects the image of the operator or company he represents, comments Thomas Antonucci, director of marketing at Boston-based Creative Gourmets Ltd., a foodservice management concern which has long emphasized such "add-on" businesses as gourmet take-out and delivery. "Customers often complain about food being delivered late," says Antonucci. "Not only should delivery personnel be on time, they should be well-mannered and look neat and clean. Too often delivery personnel are typecast for looking dirty or slovenly. That look can really turn off customers, especially when they're about to eat. We prevent these problems from occurring by requiring our delivery people to wear company uniforms."

In West Los Angeles, Junior's take-out program emphasizes fresh, homemade Jewish deli-style prepared foods.

Like The Quilted Giraffe in New York City, Greative Gourmet's "Foods To Go" line targets the business trade. "We make deliveries to both office buildings and our retail outlets in the Boston metropolitan area from our nearby commissary, where we prepare meals for breakfast, lunch and dinner," says Antonucci. In addition to these three meals, Antonucci says box meals represent some of the company's best sellers. "Most businesses ordering from Creative Gourmets prefer freshly prepared, individual boxed meals as opposed to passing around food from family-style party platters," explains Antonucci. "They want individualized, portioned meals equivalent to dining out."

Box meals, he says, are prepared for different meal times. A typical breakfast box, for example, costs between $7 and $9, and includes a container of freshly squeezed citrus juice, freshly cut fruit, fruited butter on a croissant or brioche and a local newspaper tied around the box with a royal blue ribbon displaying the company logo. Some of the lunchbox entrees (priced between $10 and $11) include sliced sirloin with a choice of either horseradish sauce, spicy sesame sauce or red onion with roquefort sauce; lemon tarragon chicken with cucumber chive sauce; and shrimp Mediterranean marinated in mustard and herbs served with a tangy tomato salsa.

Last but not least among Creative Gourmet's boxed meals is the lunch bag and the midafternoon snackbox. The lunch bag includes a cold-cut sandwich accompanied by fresh fruit, a bag of "designer" potato chips, popcorn and a beverage. The snackbox, for $7, comes with pastries, fruits and cheese. All boxed meals include condiments, placemats, eating utensils and dispensers.

In addition to boxed meals, a variety of other upscale food can be found at Creative Gourmet's retail take-out outlets. The store at Faneuil Hall Marketplace, for example, merchandises prepared meals to Boston's downtown workforce and passersby.

HEALTHY NICHE. But the Boston business trade is just one example of marketing upscale take-out to time-famined urban professionals. The truth of the matter is, office workers from both urban and suburban communities are equally busy. Most of them have desk jobs and get little exercise on the job. While they rely heavily on off-premise dining, they are concerned about their calorie intake as well.

For this reason, many operators cater to more health-conscious consumers. "Our cuisine is designed for sedentary office workers ordering high-end take-out," comments Leonard Torine,

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UPSCALE TAKE-OUT

The upscale take-out sector appears to offer almost unlimited opportunity for the enterprising entrepreneur.

president of Livingston, NJ-based Dietworks of America. "Every entree we serve contains less than 300 calories, which is less than half the conventional counterpart."

The five-year-old, publicly held company operates seven units with 50 to 100 seats. "About 50 percent of our business comes from take-out," explains Torine. "And, since we're only open for breakfast and lunch, it's logical for us to locate our units primarily in office buildings, housing mostly the five-day-a-week business crowd. We can assume they'll order more food to-go than some of our seven-day-a-week strip mall customers."

Dietworks of America boasts eight-foot long gourmet deli cases, displaying such dishes as tortellini primavera, fresh vegetable kabob, chicken Creole with salad and rice, pasta primavera salad, ratatouille, cannelloni Florentine, sole Monterey with Monterey jack cheese and chicken Lombardi (boneless breast of chicken layered over seasoned purée of broccoli and crowned with melted Jarlsburg cheese).

All of Dietworks' hot food is prepared in a steamer. Microwave ovens are used only to reheat packaged meals-to-go. "We operate without fryers, grills, duct systems and fire extinguishing equipment," says Torine. He adds that each Dietworks of America unit grosses an average in excess of $400,000 annually.

Also catering to health-conscious consumers is Tarzana, CA-based Gourmet Gourmet. "I offer Pritikin Diet-style cuisine—food that is salt- and oil-free," says Gourmet Gourmet's owner and master chef Joe Donohue.

All of Donohue's dishes include calorie listings. Examples include stuffed breast of chicken with lemon ginger sauce, with 193 calories; salmon in parchment with julienne vegetables and herbs, 162 calories; and stir-fried steak and peppers with onion, weighing in at 203 calories.

Donohue has a right to be pleased with his concept. In the last two years, the 2,000-sq.-ft. restaurant generated an average of $68,000 a month in sales. Take-out and catering accounts for 50 percent of those sales.

"We have to do well here to cover our costs," notes Donahue. "It costs me about 30¢ for each entree container, and I only use the best containers—special high-end ones with dome lids that insulate food rather well. We don't use foam because it absorbs grease from the food."

Donohue opened Gourmet Gourmet in 1981 exclusively for take-out. Now it features an open kitchen for take-out as well as a Country French dining room setting seating 60 people comfortably.

While Christian Vanneque's new operation in Los Angeles has no Country French dining room, it does feature moderately priced French food-to-go. Called Van Kay, the 1,200 sq.-ft. take-out unit opened this fall with a kitchen that is visible to customers. Part of Van Kay's menu will revolve around different seasonal themes. During the winter season, for example, the store will serve hearty stews that include veal and lamb. Other menu items will include cold poached salmon served with a Japanese salad; patties made from lobster and sweetbreads or duck or goose liver; and *tarte flambée*, a 19th century rectangular-shaped pizza recipe originating in Alsace, France. "We prepare the pizza with *fromage blanc* (white cheese), French bacon and shredded onion served on a very thin crust," says Vanneque.

Because Van Kay is so new to consumers, Vanneque plans to market the operation carefully, putting a lot of time into its success. He will be open for business seven days a week, from 9 a.m to 9 p.m.

Vanneque, who is originally from France, believes he is one of the few upscale take-out retailers featuring French food in the U.S. Before coming to this country, Vanneque served as the head sommelier at Paris' venerable, 150-year-old Tour d' Argent restaurant.

TAKING AN ADVANTAGE. One moderately priced operation with an ethnic slant is Junior's Restaurant Delicatessen Bakery in West Los Angeles. One of the largest restaurants in Southern California with more than 11,000 sq. ft. of space, Junior's offers many Jewish-style dishes along with a variety of other high-end, homemade food. Although the restaurant can seat up to 238 people for breakfast, lunch or dinner, owner Marvin Saul does not ignore the possibilities for take-out. The restaurant includes an express phone service for time-pressed customers. "There are no lines and no waiting," says Saul. "Just call 213-475-5771 and choose from more than 400 homemade and freshly prepared selections. Junior's will have your order completely prepared and packaged for you to take home within one hour." The average check at Junior's is $6.

"We started in 1959 as a Jewish deli but have expanded our menu with quiches, seafood salads, Oriental dishes and a variety of American desserts," says Saul. Apparently, the results from the expansion have helped make Junior's one of the largest-volume delicatessens today, concedes Saul, generating close to $6 million annually the last few years.

Saul describes Junior's food as homemade food—prepared with only the best ingredients. "We make our own pastries with bittersweet, natural chocolate that has no emulsions or preservatives. We use real maple syrup for pancakes and California pearl rice for rice pudding. We also make our own pickles."

One of Saul's biggest claims, incidentally, is that Junior's was one of the first restaurants to brew fresh decaffeinated coffee: "Now everybody's doing it."

Such innovation, clearly, is the stuff of which success is made in the upscale take-out marketplace which, as all indications suggest, stands to grow significantly over the next several years.

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Restaura Business

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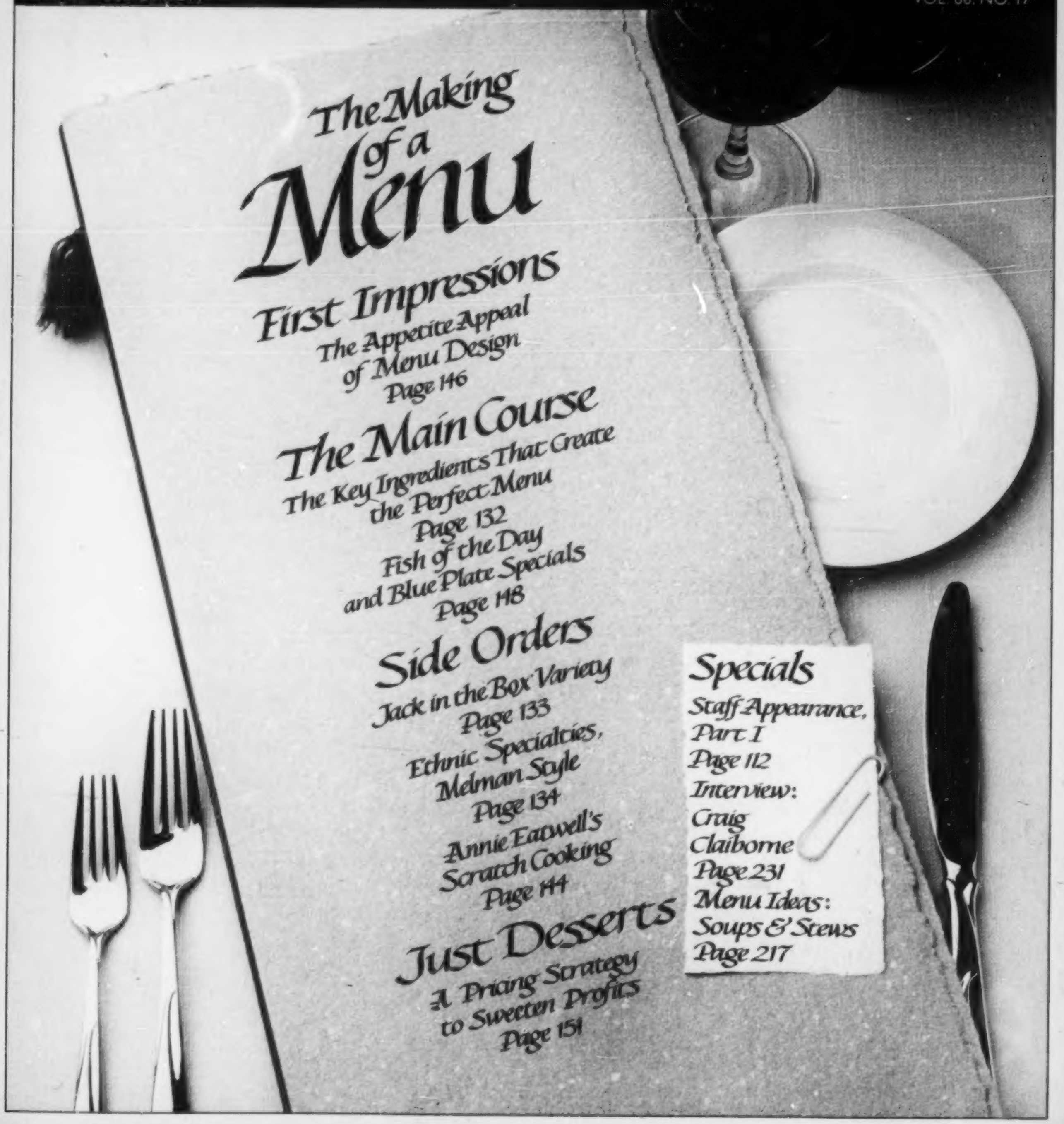

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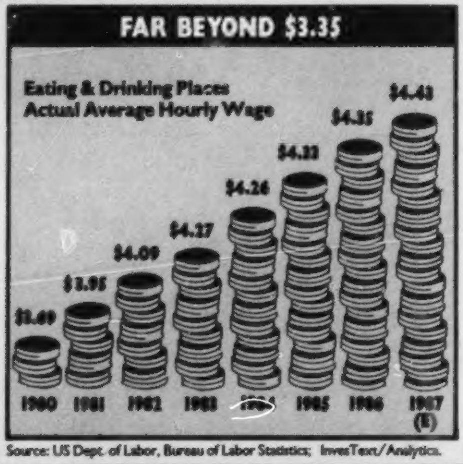
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

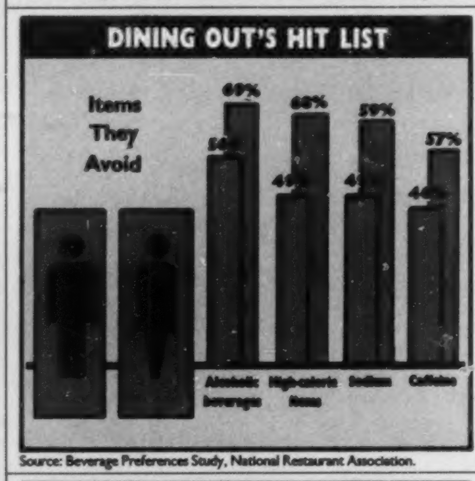
By Howard Riell



Source: US Dept. of Labor, Bureau of Labor Statistics; InvesText/Analytica.

How Much Does Minimum Wage Matter?

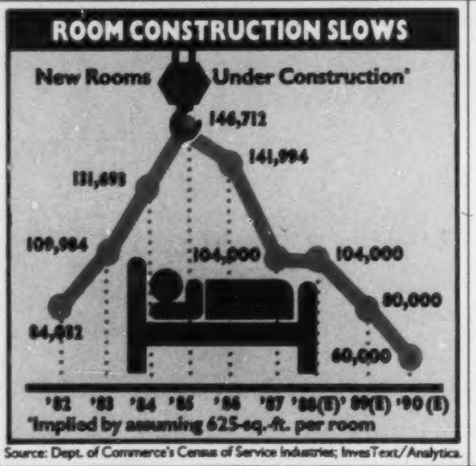
While some industry leaders continue to prophesy doom and gloom when—no longer if—Congress raises the current $3.35 minimum wage, others point wisely to an often-overlooked fact: A large portion of the industry already pays its help salaries far above the minimum, even above the speculated new minimum of $3.65 to $4 an hour. In fact, the industry's average hourly salary passed the $4 mark five years ago. A higher minimum wage *will* hurt some operators, especially in the fast food segment. But with labor shortages so prevalent, many have already raised their salaries in order to simply man the kitchens.



Source: Beverage Preferences Study, National Restaurant Association.

What Restaurant Patrons Avoid Ordering

While operators hurt by lagging liquor sales and stung by skyrocketing liability insurance costs may have already known that alcohol would top the list of things diners have been avoiding lately, they may not know why. The NRA's study shows that the majority of those who avoid alcohol say they do so because they "don't enjoy alcoholic beverages anymore," not because of drunk driving concerns (that ranked third, behind health reasons). Overall, women seemed more likely to purposely avoid the items on the list, especially high-calorie foods. The sexes agreed most on their aversion to caffeine.



Source: Dept. of Commerce's Census of Service Industries; InvesText/Analytica.

Hotel/Motel Room Construction Slows

The overbuilding burden saddling the lodging industry in recent years is grinding to a halt. Supply is coming closer to demand. That means that, with fewer rooms, more of the existing ones will be full. Says the Department of Commerce, "Business will remain competitive, but oversupply is not overwhelming the industry. Anything under 100,000 new room openings per year would help occupancy, room rates and profits." The addition of 100,000 or more rooms annually, from 1984 to 1987, is still troubling the industry. DOC feels that, given current tax laws, the building lull could continue for several more years. ■

CHARTS DESIGNED BY SHARI FANG

Restaurant Business

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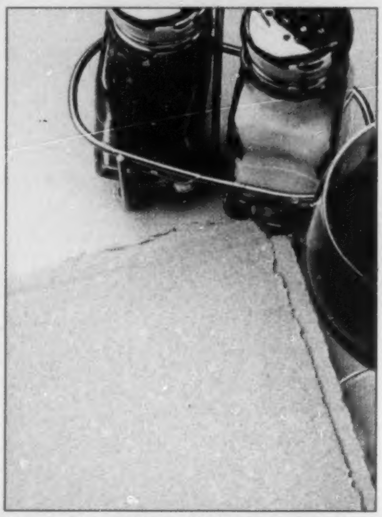

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Cover Story

STRATEGIES **MENU MAKING.** *The menu is the crucial factor in a restaurant's conceptualization, a guide for its design, construction and equipment, and a working document for managing its day-to-day operations. Furthermore, the menu is the starting point for the marketing of a restaurant. In a period of fierce competition, both chain and independent operators are regarding menu-making as a serious, scientific affair, from the development of a new menu item to choosing the typeface and color of the menu.* RB *presents a comprehensive plan for planning, pricing and marketing menus*........ 131

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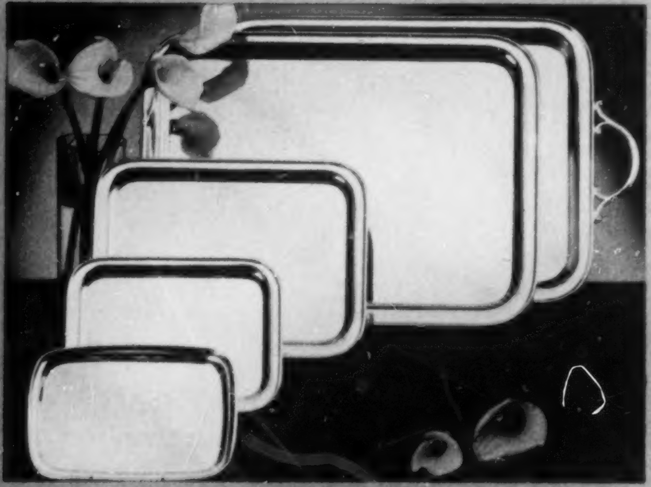

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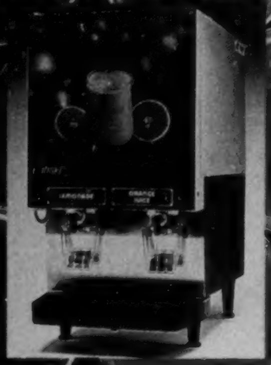

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MARKET SEGMENT REPORT: MEX

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12/9/87

Restaurant Business

A BILL PUBLICATION
DECEMBER 10, 1987

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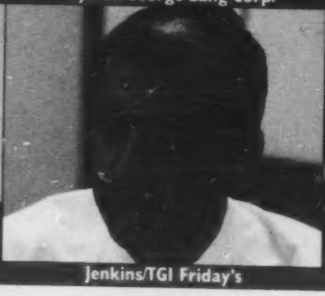
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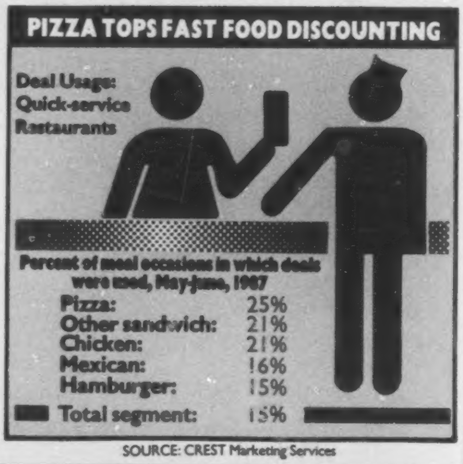
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

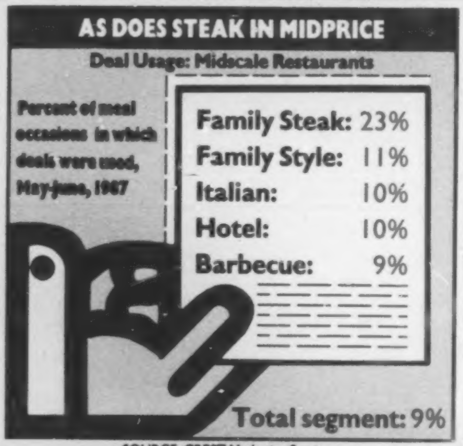
By Howard Riell



SOURCE: CREST Marketing Services

Dependence On Deals May Mean Trouble...

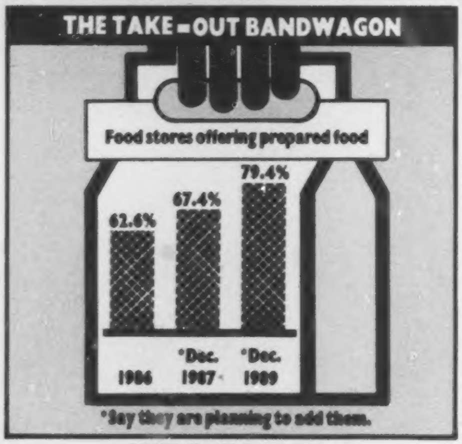
Approximately 25 percent of all meal occasions involving fast food pizza involve some sort of deal, most often a coupon. That and similar statistics, supplied by CREST Marketing Services, seemed to command the most attention and discussion at the recent National Restaurant Association Marketing Executives Conference in Lake Tahoe, NV. Many feared that the frequency of such deals will undervalue their product, and said they train customers to expect deals as a given in all purchases. One pizza company executive solemnly predicted that other concepts in other segments would soon be forced down the same "slippery slope."



SOURCE: CREST Marketing Services

...And Not For Fast Food Alone

That slide has already happened, to a large degree, among midscale concepts, most noticeably family steak houses. While the reasons behind the increased reliance on special deals are obvious—to help make up for decreasing demand for red meat, particularly in a predominantly blue-collar, price-sensitive target audience—the effect, again, may be injurious in the long run. One panelist suggested that chains and independents alike wean themselves off of couponing and concentrate on hospitality. "The more coupons we get," he said, "and the more scientific we try and make it, the more trouble we get."



SOURCE: Food Marketing Institute

Supermarkets Will Escalate 'Invasion'

It was Bob Martels, president of Martin's Supermarkets and vice chairman of the Food Marketing Institute's board of directors, who read the declaration of war at the organization's annual convention in Chicago. According to a survey cosponsored by FMI, the amount of money Americans spend on take-out food is increasing dramatically, and will continue to do so. "The bad news," he added, "is that shoppers think fast food restaurants are more convenient and have a more fun image, particularly for the kids." With that, he revealed the statistics (see charts), declaring, "The potential for further inroads by supermarkets...is obvious." ■

CHART DESIGNED BY SHARI FANG

Restaurant Business

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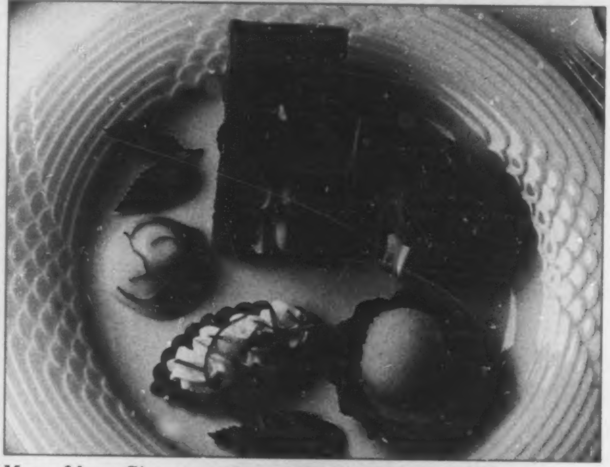

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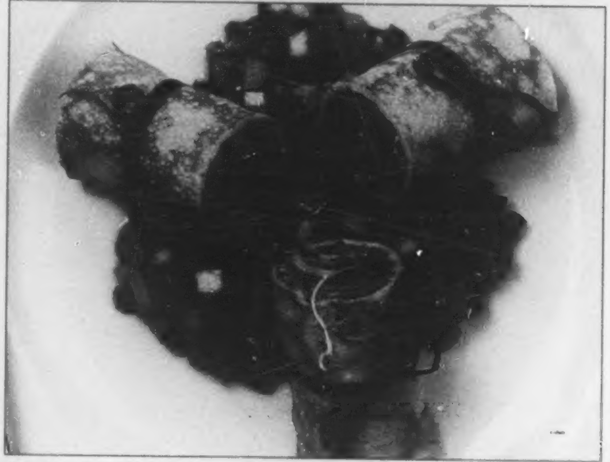

Chef's Art: Andre Guerrero, Alice's Restaurant, page 177.

Cover Story

INDUSTRY TRENDS **PRESIDENTS' FORECAST.** *Restaurant Business invited a dozen of foodservice's most prominent executives to a one-day brainstorming session, a frank, no-holds-barred discussion of critical issues of the day. In their own words, and through their unique perspectives, here is the 1987 industry update as seen through the eyes of those who know it best* 111

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Cover photography by Edward Atman.

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Changing its menu for the second time this year, **STEAK AND ALE** *is retrenching with a steak house image through a $10-million campaign, "The Legend in Steak"* 22

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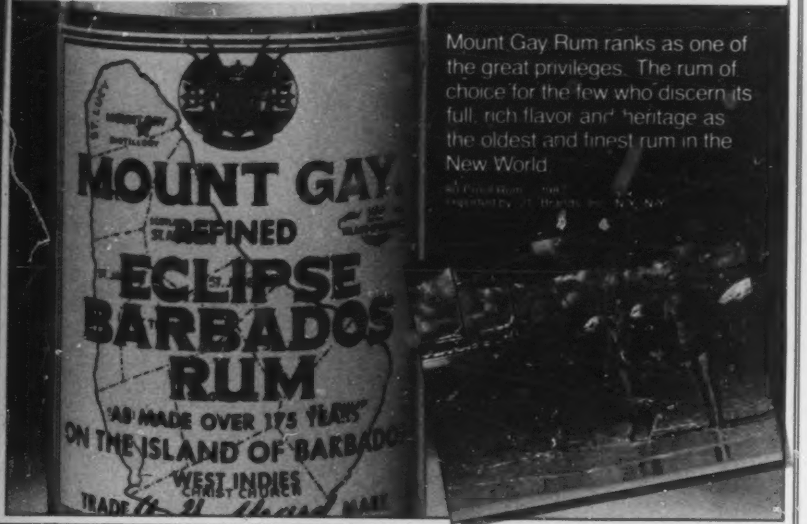
R.H.I.P.
Rank Has Its Privileges



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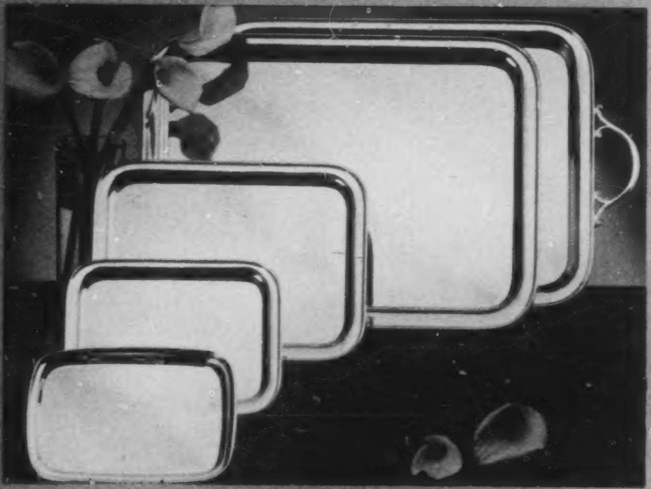

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JANUARY 1, 1988

CHURCH'S FRIED CHICKEN

BAMBERGER BREAKS GROUND ON TURNAROUND

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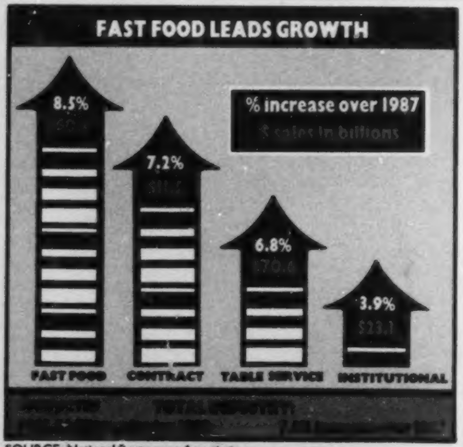
* NEW COLUMN

BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

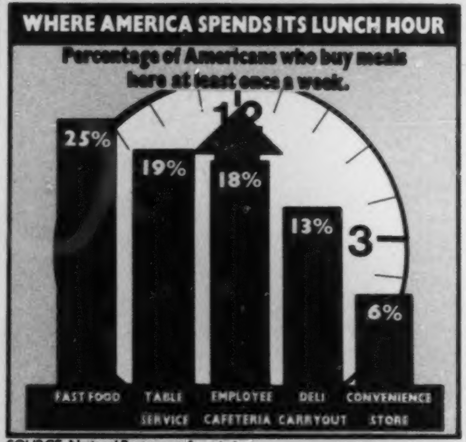
By Howard Riell



SOURCE: National Restaurant Association

Industry Will Top $200B For First Time

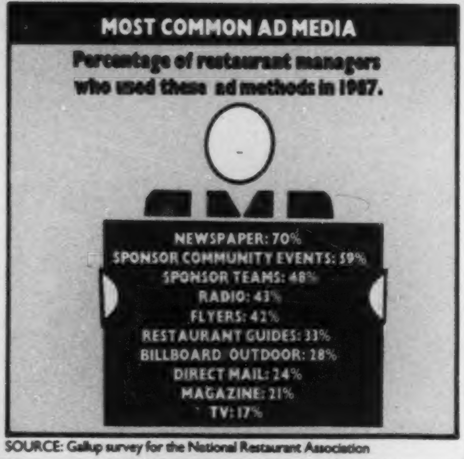
The year ahead will also be foodservice's eighth consecutive one of real growth—2.9, as compared with 2.7 last year—said Michael Grisanti, president of the National Restaurant Association, at a press conference in New York. In forecasting increases in real growth for almost every segment (2.5 percent for table-service restaurants, 4.3 percent for fast food, 2.9 percent for contract feeders, none at all for the institutional segment), he warned that "the significant stock market decline that occurred on October 19 and the fluctuations that have occurred in subsequent weeks certainly must be considered when evaluating the economy."



SOURCE: National Restaurant Association

Employee Dining Areas Gaining Ground

NRA treasurer Harris "Bud" Rusitzky noted at the same press conference, at the Hotel Inter-Continental, that "another area where cost containment and quality have resulted in greater contractor penetration is in employee foodservice." Real food and drink sales by contractors in commercial and office buildings are expected to rise by nearly five percent, Rusitzky said. Clearly, more and more employers are viewing employee dining facilities as incentives and rewards, rather than merely an obligatory service. NRA officials agreed that the percentage at left will continue to increase in the months and years to come.



SOURCE: Gallup survey for the National Restaurant Association

Empty Tables? Try Print, Sponsor A Team

Overall ad/promo spending is expected to increase "significantly" in '88. A poll conducted for the NRA by the Gallup Organization shows that 25 percent of restaurant operators plan to increase advertising expenditures this year (the number rises to 41 percent when chains and franchised restaurants are considered separately). Another 58 percent said they planned to maintain their 1987 budget levels. A scant four percent indicated they would cut their ad dollars. Grisanti said these figures were the result of the industry's having entered "a mature phase typified by slower sales growth and increased competition."

CHARTS DESIGNED BY SHARI FANG

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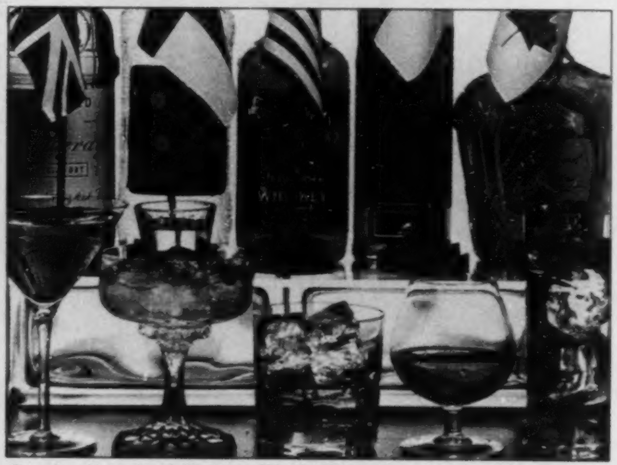

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Cover Story

TURNAROUND STRATEGY **CHURCH'S.** *In its 37-year history, the San Antonio-based chain has scaled the heights, and it's hit the bottom. But J. David Bamberger, president and chairman of 1,100-unit Church's Fried Chicken Inc., thinks the worst is over. He means to put an end to persistent takeover rumors, build short-term profits with a back-to-basics approach, and change Church's marketing thrust with a new emphasis on suburban locations and double-drive-thru units* **83**

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Cover photograph of J. David Bamberger, chairman and president, Church's Fried Chicken Inc., by Paul Liggett.

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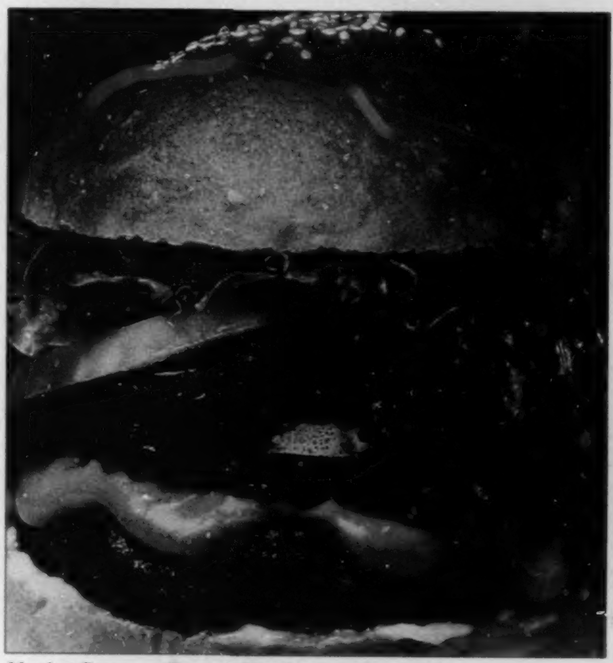

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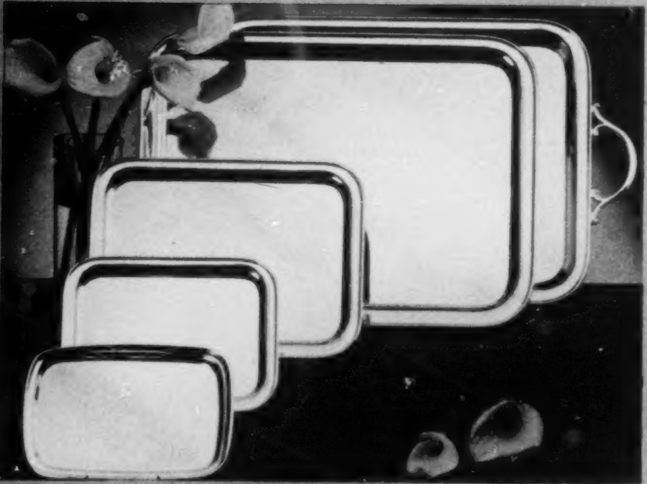

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MARKET SEGMENT REPORT

HAMBURGERS

As the burger giants get bigger, there is still room for growth, especially for the regional chains and the drive-thru-only 'Burger Babies.'

BY JACQUE KOCHAK

San Antonio, TX-based Fuddrucker's is a survivor in the Gourmet Burger niche and still bases its success on freshly ground and custom-dressed burgers.

The hamburger continues to be an all-time American favorite. Last year, according to the National Restaurant Association (NRA), foodservice sold 5.2 billion burgers.

According to the NRA's menu census, hamburgers and cheeseburgers are ordered on 18.7 percent of dining-out occasions. Only french fries are ordered more often. Despite all the talk about the decline in popularity of red meat, hamburgers and cheeseburgers are ordered twice as often as chicken or poultry, which customers seek out on only 9.3 percent of dining occasions.

Unquestionably, then, there is a giant market for hamburgers, and there are giant companies filling the demand. The largest, of course, is gargantuan McDonald's, followed by Burger King, Wendy's, and Hardee's.

Trends are hard to decipher: While one company's sales are up dramatically, another reports that sales are down, and still a third is faced with flat sales. And the menu diversification pursued by many hamburger purveyors has proven a boon for San Diego, CA-based Jack in the Box, but a bane for Dublin, OH-based Wendy's.

Analysts agree that the segment is mature, and they have been predicting a slowdown in expansion as prime sites become increasingly rare and expensive. The burger Big Boys have responded by seeking out nontraditional locations, such as military bases, schools, hospitals, and airports. Regional and local chains are thriving, mining their regional roots. A new breed, scaled-down Burger Babies serving limited menus from small buildings in a drive-thru-only format, has emerged. And, though the Gourmet Burger boom was a bust, there are a few survivors.

So, is the segment saturated? Is there room for yet another contestant in the Battle of the Burgers? "There is room. You just have to do a better job than the big shots," says one small multi-unit operator in the Midwest.

Analysts agree that there is opportunity on a regional basis, but express some doubts about the potential for another national burger chain. "It is very difficult for a new company to start up and succeed in a mature segment," notes Steve Rockwell, an analyst for Baltimore, MD-based Alex. Brown & Sons. "There has to be a point of differ-

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Wendy's has committed $35 million to an expanded test of its SuperBar, an all-you-can-eat hot and cold buffet.

SUPERBAR
GARDEN SPOT
MEXICAN FIESTA
PASTA PASTA

ence, such as a significantly higher price/value relationship or a different niche. Any real growth has to be through acquisition."

Probably the most optimistic and aggressive operators in the burger segment today are those opening the scaled-down drive-thru-only operations. And, observers agree, they have reason for optimism.

NEW NICHE. The Burger Babies are chasing a very large market, analysts say; the typical hamburger operation sells about 60 percent of its food for off-premise consumption. "But I think it will be very difficult for these companies to compete on a long-term basis," says Rockwell. "The marketing resources of the big companies are so much greater."

"I think there is some truth to the idea that the Big Boys will react to the smaller, no-frills hamburger chains," agrees Jim Lunsford, vice president of franchise development for Birmingham, AL-based Skooter's Inc., a chain of some 16 double-drive-thru-only units. "There is probably a window of time, say two to five years, for us to really make our mark."

"Significant expansion of scaled-down units by the big burger chains would cannibalize their sales at full-size units," says Richard Reinhard, president of Central Park U.S.A. Inc., a Chattanooga, TN-based chain of 23 drive-thru-only units in the mid-South.

The Burger Babies have significant competitive advantages in today's marketplace. Says Ed Massey, president of Boulder, CO-based Round the Corner Restaurants Inc., which is developing a concept, "I feel like the drive-thru-only concepts address some of the major problems in the industry today, including high capitalization costs, shrinking labor markets, and the expense of liability insurance."

THE GIANTS. Nevertheless, the Burger Babies are just that—babies—in comparison to the competition. Oak Park, IL-based McDonald's Corp., with 1986 systemwide sales of $12.4 billion and more than 12,000 units, is unquestionably the world's largest foodservice company. The public seems to view the company as something of an institution, and McDonald's estimates that 95 percent of all U.S. consumers eat at one of its restaurants at least once a year.

Both analysts and competitors agree that the company is just getting better and better at what it does, particularly in the area of marketing. Indeed, estimates of McDonald's advertising budget range from $600 million to nearly $800 million annually, more than the annual *sales* of all but the top tier of burger chains. Alex. Brown & Sons' Rockwell says bluntly, "The biggest problem facing other companies in the burger segment is McDonald's."

In October, McDonald's announced that third-quarter net income rose 14 percent, attributing the increase to the introduction of its new line of salads and continuing growth of its breakfast. Breakfast is estimated by analysts to total about 20 percent of sales, while the brand new salads may already account for five to seven percent of sales.

"McDonald's new salads are definitely a driving force," affirms Rockwell. "In fact, most of the strength in the burger segment is coming from product innovation, away from hamburgers. There is definitely a blurring of segments."

In fact, hamburgers have been dropping as a percentage of sales at McDonald's for some time. The company doesn't disclose sales of individual products, but it is estimated that burgers now account for roughly one-third of total sales, compared to more than 50 percent a decade ago.

While the McDonald's juggernaut rolls along, Miami-based Burger King is struggling for market share and facing flat sales. Burger King operates

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THE TOP 10 HAMBURGER CHAINS

COMPANY, HEADQUARTERS	ANNUAL SALES	NUMBER OF UNITS
MCDONALD'S OAKBROOK, IL	$12.4 BILLION	12,000
BURGER KING MIAMI, FL	$4.5 BILLION	4,700
WENDY'S DUBLIN, OH	$2.75 BILLION	3,600
HARDEE'S FOOD SYSTEMS INC. ROCKY MOUNT, NC	$2.7 BILLION	3,000
DAIRY QUEEN INTL. MINNEAPOLIS, MN	$935 MILLION[1]	3,500[2]
JACK IN THE BOX SAN DIEGO, CA	$587 MILLION	900
SONIC INDUSTRIES OKLAHOMA CITY, OK	$320 MILLION*	965
CARL KARCHER ENTERPRISES ANAHEIM, CA	$317 MILLION*	400
WHITE CASTLE SYSTEMS COLUMBUS, OH	$268.5 MILLION	227
WHATTABURGER INC. CORPUS CHRISTI, TX	$225 MILLION[3]	455

EXCEPT WHERE NOTED, FIGURES ARE BASED ON CALENDAR 1986
***FISCAL 1987**
[1] FOOD SALES ONLY, DOESN'T INCLUDE ICE CREAM
[2] UNITS SERVING FOOD
[3] EST. BY TECHNOMIC CONSULTANTS

4,700 units in the U.S.; about 80 percent are franchised. Average unit volumes are estimated at $1.5 million, and are stable but not growing. In 1986, systemwide sales were $4.5 billion.

Minneapolis-based Pillsbury Restaurant division, dominated by Burger King, reported a 28 percent decline in operating profits for the year ended May 31, 1987, down to $219.2 million from $304.7 million in 1986. While restructuring charges ate into profits, the company admits that operating profits still declined 13 percent when those unusual charges are excluded.

The company has been plagued by management turnover and marketing problems; in just two years, Burger King has gone through several major ad campaigns, and in a decade has gone through five presidents. In October 1986, Charles S. Olcott, formerly chief financial officer, took over the reins of president. He stresses plans to cut costs, improve profit margins, and stabilize the erratic marketing approach.

Dublin, OH-based Wendy's Hamburger Restaurants is facing even more serious problems. But average unit volumes have stabilized and started to increase again after dropping to $767,000. Sales for the 1986 calendar year reached $2.75 billion, up two percent, according to Paul Raab, manager of corporate communications.

The company operates some 3,607 Wendy's restaurants in the U.S. and 16 countries. Wendy's was badly hurt by its botched introduction of a breakfast program in 1985, and has had trouble recovering. Observers say that recently Wendy's seemed to lose its focus; while recognizing that menu expansion was the wave of the future for fast feeders, the company failed to pay attention to details and protect its burger business.

For the first time ever, the company reported losses in the first half of last year, but Raab says that the losses have been stanched and that the company is very pleased with third-quarter results. Wendy's showed net income of $5 million during the third quarter of 1987, compared to a third-quarter loss of $47 million in 1986. (Results in the third quarter of 1986 reflected the effect of a $51.8 million after-tax charge in connection with a realignment program last year.)

Company revenues for the third quarter reached $272.2 million in 1987, compared to $293.5 million in 1986, while systemwide sales in the third quarter of 1987 climbed to $741.6 million, up from $710.8 million in the third quarter of 1985. Company revenues showed a dip in 1987 for two reasons, says Raab. During the 1986 realignment, 120 U.S. company-operated restaurants were set aside to be re-franchised, and their sales are not reflected in the year's revenues; and last year's revenues also reflected sales from the Sisters Chicken and Biscuits subsidiary, which has been sold.

What is more significant is that systemwide sales were up not only because there are more stores, but because sales per store were up in comparable restaurants. Says Raab, real sales for September were up about 5.5 percent over last year, with the sales increases adjusted for the number of units and price increases.

Analyst Rockwell believes that Wendy's, though troubled, can boast of some strengths. According to the company's consumer research, customers continue to see Wendy's burger as very high in quality.

Given Wendy's renewed focus on its

burger, it is taking what could be a risky move: a greatly expanded test of the SuperBar, a hot and cold, self-serve, all-you-can-eat food buffet.

The 18-ft. bar, in three sections, is set off by a lighted canopy overhead and is angled to allow for multiple entry points. Included are the Garden Spot salad bar; a Mexican bar; and a pasta section. The SuperBar also features a top-your-own baked potato station, plus fresh fruits and puddings from the Garden Spot.

Price for the SuperBar averages $2.99 at lunch and $3.59 after 4 p.m. During a more limited test in about 380 company and franchised Wendy's in 57 test markets, the SuperBar increased sales by 15 percent, says Raab. The SuperBar is now added to almost all of Wendy's 1,120 company stores, and all franchise owners have been invited to participate in the test. Some $35 million has been allocated for installation of the bars in company restaurants.

Observers agree that, if handled well, the new SuperBar has the potential to give Wendy's a much-needed competitive boost. "The question is, will it confuse the consumer and take away from the hamburger, which Wendy's has recently been emphasizing?" asks Rockwell. "On the other hand, the SuperBar is a way to clearly differentiate Wendy's from the other fast-food restaurants."

At the same time that Wendy's has stumbled, Rocky Mount, NC-based Hardee's Food Systems Inc., a division of Imasco USA Inc., has gained ground. The two are now vying for position as the third largest burger chain. Hardee's 1986 sales also reached $2.7 billion, with projections of $3 billion for 1987. Same store sales are up considerably, says director of public relations Jerry Singer: from $802,000 last year to a projected $860,000 this year.

The company opened its 3,000th unit at year end, having had only 2,000 units open just four years ago. Hardee's is in a growth mode, and Singer notes that the company is looking for acquisitions to open up new territories.

The company is now in the process of rolling out more of its New Image units, a design incorporating natural wood, glass, a solarium, and freestanding tables in addition to a sit-down counter. Hardee's has also introduced salads and soft-serve ice cream, and has reformulated its quarter-pound hamburger.

A contender for position as the third largest burger chain, Hardee's recently introduced salads (above), and is rolling out its New Image units (l.).

Although generally recognized as a giant in the ice cream segment, Minneapolis, MN-based International Dairy Queen (IDQ) is also a considerable force in the burger segment. Its food counters offer hamburgers, hot dogs, chicken sandwiches, and more in about 70 percent of the company's nearly 5,000 units. Food other than dairy treats accounted for about 70 percent of 1986 sales of $1.7 billion—about $935 million, according to president Harris Cooper. That gives IDQ a firm claim to being the fifth largest hamburger chain, well ahead of regional competitors.

NEW PRODUCTS. The ice cream giant keeps plugging along in its unostentatious way, a fixture in many small towns around the country. Cooper says that two new products, a sandwich and a skewered product, will be introduced in early 1988, followed by a new treat in 1989.

At a level below the national giants, a number of large regional chains have carved out vast markets for them-

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selves and are doing well. They range from San Diego, CA-based Jack in the Box and Anaheim, CA-based Carl's Jr., owned by Carl Karcher Enterprises, both with a strong presence in the West, to Columbus, OH-based White Castle Systems, Oklahoma City-based Sonic Industries, Dearborn, MI-based A & W, and Chattanooga, TN-based Krystal, all with units scattered across the heartland.

Jack in the Box ranks sixth in the hamburger segment, with 1986 systemwide sales of over $587 million from some 900 units, about two-thirds of them company-owned. The company has been gaining attention with its aggressive menu expansion. The menu diversification strategy was first considered in 1979, when the company first showed negative sales trends. By 1981, Jack in the Box had introduced the first of its "Supreme Sandwiches," a line positioned to appeal to adults. A Crescent Breakfast line was rolled out in 1982; then came prepackaged salads. In 1983, "Dinner in the Box," a complete meal designed to provide a fast-food dinner option, was rolled out. Later came the rollout of nachos and a Pita Supreme Sandwich.

SONIC
Happy Eating
COME IN
AND SEE
OUR NEW LOOK

Capitalizing on nostalgia, Oklahoma City-based Sonic Industries' units are old-fashioned drive-ins featuring carhop service.

The company's newest menu introduction is Finger Foods, three items positioned as "fun to eat" for a meal or a snack. So far, Finger Foods account for a healthy 10 to 15 percent of the current sales mix, according to Paul Haack, division vice president for product marketing.

Despite the many product introductions, Haack points out that the chain constantly deletes menu items as well. "We have to be careful not to let the menu get unmanageable. We try to use existing cooking methods and ingredients, and to fit the new items into the flow." At present, Jack in the Box is testing a variety of new products, including additions to the Finger Food line and a couple of new hamburgers.

Carl Karcher Enterprises Inc., the other hamburger power in the West, is performing well after a disastrous year in fiscal 1987, when the company lost more than $7 million on declining revenues of $317 million. The 400-plus unit chain began showing a profit the first quarter of this fiscal year on revenues that were substantially higher than last year.

Aiding the company's turnaround have been new product introductions and a remodeling program. But the biggest difference has been a refocusing on its regional emphasis after an aborted attempt to expand nationally. The company has withdrawn from Texas and closed 35 units last year. Now it is focusing on its core markets of California, Arizona, and Nevada.

Oklahoma City-based Sonic Industries is strongest in Texas and Oklahoma but is represented in 20 states in the Southern tier. The company ended its fiscal '87 year in August with sales of $320 million with 955 units, 60 of them company-owned.

Sonic units are old-fashioned drive-ins with carhops delivering orders. "We're capitalizing on the nostalgia craze," says Roy Lemaire, vice president of corporate development. Sonic is remodeling units with a retrofit package costing $30,000. Older stores average volumes of $325,000, but new stores show sales of $500,000.

The company has entered into an aggressive expansion mode following a leveraged buyout by management in 1986. The newly private company opened 50 units in fiscal '87, and projects the opening of 60 new stores in fiscal '88, says Lemaire. Much of the expansion will be in California and Florida, areas where the company is not now represented.

Indications are that Sonic is intent on becoming a national chain. Acquisition seems the best route, but last year a deal to buy A & W fell through, and earlier this year an acquisition bid for Church's Fried Chicken failed. Lemaire is optimistic about opportunity in the segment. "Our financial position is very secure. We saw seven percent real sales increases on the store level in calendar '86."

Columbus, OH-based White Castle Systems is a quiet company that consistently posts satisfactory sales, and in fact, boasts of average unit volumes

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For more information on Wisconsin Milk Marketing circle number 266→

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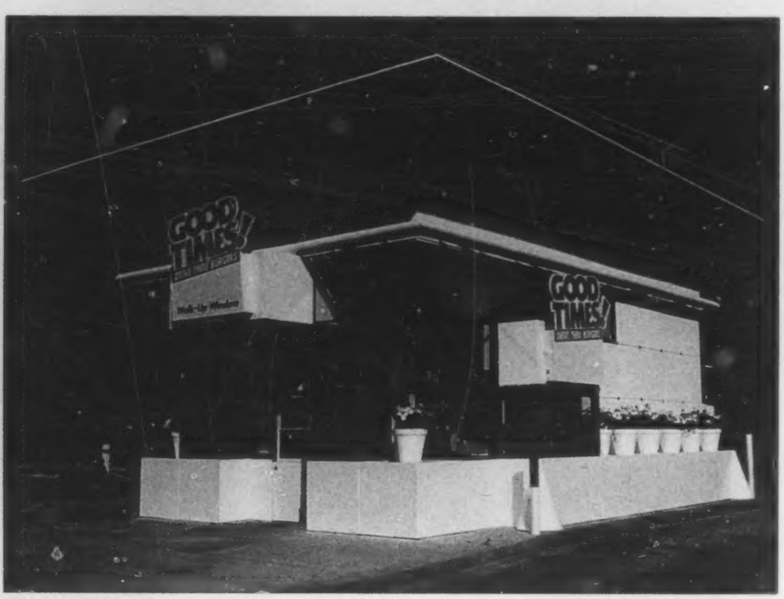

Good Times is Colorado-based Round the Corner Restaurant's entry into the limited menu, drive-thru-only niche.

of about $1.27 million—probably the second highest in the fast-food burger business behind McDonald's. Calendar 1986 sales were $268.5 million for 227 units. All units are company-owned and concentrated in Midwestern markets. The company is building 25 to 30 new units a year, venturing cautiously into new markets such as Philadelphia. Units cost a minimum of $750,000 for the building and equipment, not including land.

White Castle is test marketing the company's signature small hamburger in supermarkets. Tests have been underway in Columbus and Indianapolis, where the company has stores, and in Denver and Portland, OR, where White Castles are unfamiliar. The result, says Gail Turley, director of public relations, is that the pilot factory set up for the test markets had to implement three shifts a day, seven days a week to keep up with demand. Based on the success of the initial test, White Castle is ready to roll out frozen burgers to four new markets.

A & W Restaurants is another significant force in the burger business in some markets, with 1986 systemwide sales of $150 million. Many units are seasonal, closing for the winter season, but same-store sales are up two percent over last year, according to Gary Owens, corporate communications administrator.

The company is continuing intensified expansion efforts with the development of several new restaurants in Michigan, where the company already has 78 restaurants clustered. Other development is concentrated in Michigan, Iowa, Minnesota, and Wisconsin. A & W has about 500 units in the U.S., mostly franchised, as well as 50 units in international markets. Of the total, just over 100 are drive-in-only, with another 240 offering drive-in with inside dining. Site selection has begun for a drive-thru-only concept to be located in the Detroit metro area.

HAMBURGER DELIVERY. With the success of delivery in other segments, it seemed inevitable that someone would attempt burger delivery. The first company to build a concept entirely around delivering burgers is Ann Arbor, MI-based Burger Fresh Systems Inc.

Burger Fresh began serving hamburgers in mall locations in late 1985. By mid-1987, eight mall units were open, two in Ann Arbor and six in Florida. At that point, the company shifted gears and began opening scaled-down delivery units. By October, the company operated or franchised 17 units, nine of them delivery-only, with plans to open 13 more in the Detroit area before year end.

New Burger Fresh units average 1,200 sq. ft. A central ordering telephone system is used, and Burger Fresh has a guaranteed 30-minute delivery. The signature product is a quarter-pound Fresh Burger with all the trimmings for $1.73. Some units are now grossing $400,000 on an annual basis. The company anticipates rapid growth in 1988, with the focus on Michigan.

LOCAL NICHES. Many small hamburger purveyors are carving out healthy niches for themselves on a regional or local basis. One of them is Vancouver, WA-based Burgerville Inc., whose marketing approach emphasizes the company's roots.

Says Pat Klinger, vice president of marketing, "Our new ad campaign focuses on what people miss when they move away from the Northwest. Of course, one of the things they say they miss is Burgerville."

Burgerville operates 31 units within a 90-mile radius of Vancouver, WA, which includes Portland, OR. Another three or four units will open by the end of the company's fiscal year in May, and a franchising program is in the works. Currently, all but one unit are company-owned. The company does not divulge sales figures.

Another successful small regional chain is Spangles Inc., based in Wichita, KS. Eleven units are now open, with three more sites acquired; all are company-owned. President Craig Steven intends to pursue company growth rather than franchised growth.

Spangles' operational system sets the chain apart from its competition. When customers place orders, counter personnel record the information on order pads. Then overhead cameras above each register zoom in on the pads, projecting the information onto a back room monitor. Food is prepared to order. Spangles also features a slightly more upscale ambience than many fast-food operations, but is similar to the major burger chains in pricing.

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One of the first of the "Burger Babies," Grand Junction Hamburger Stations has a new, larger prototype for greater flexibility.

Sales are going up, with a startling 30 percent increase posted in 1987. Store volumes average about $800,000. Steven attributes the increase to sharp advertising and promotions. "With 10 stores in a city the size of Wichita, you can really advertise a lot," he says. New unit openings will be clustered for that reason.

BURGER BABIES. Drive-thru-only hamburger operations seem to be opening everywhere, and nearly everyone is predicting a shakeout. No one, however, questions the viability and appeal of the scaled-down units.

One company already successful in the hamburger segment whose management sees tremendous possibilities in the no-frills burger concept is Boulder-based Round the Corner Restaurants Inc., which until now has operated upscale hamburger outlets. Now, Round the Corner is concentrating on the wholly owned Good Times subsidiary. Good Times is a 550-sq.-ft. concept offering walk-up and drive-thru-only service. The menu consists of a quarter-pound hamburger, a quarter-pound cheeseburger, a double burger, a chicken sandwich, shakes, fries, soft drinks, and an apple cinnamon dessert.

Massey believes that Good Times will not be in competition with Round the Corner Restaurants, because the two concepts are sufficiently different in style and focus. Both concepts are viable and will be pursued.

One Good Times unit is open so far in Denver, with six under development, all in the Denver ADI, which includes Boulder and Fort Collins. Massey says the company plans to open 30 to 35 Good Times units in the area over the next two to three years. Massey projects annual unit volumes of $650,000.

Skooter's Inc., with 16 units in Michigan, Florida, Indiana, and Las Vegas, NV, is typical of the companies concentrating exclusively on the drive-thru-only niche. The stores offer a limited menu of biscuits, burgers, fries, and chicken breast sandwiches with a check average of $2.40.

Currently, three units are company-owned, with the balance franchised; another 14 to 15 units will be open by March 1, according to vice president of franchise development Lunsford. Skooter's anticipates rapid growth using development agents, or franchisees with their own territories who subfranchise. Eight development agents are now in place.

Lunsford adds that investors are lured to the drive-thru-only concepts because the investment to open one is comparatively small, and the return is relatively good (Skooter's are currently grossing around $400,000, with newer stores posting higher volumes).

Central Park U.S.A. has 23 units, located in Tennessee, Arkansas, Georgia, and Alabama. So far, only two units are franchised, but a new franchising program is being put together.

The company seems to be moving into a professional management phase evinced by the recent hiring of Richard Reinhard as president and chief operating officer. Reinhard formerly was in charge of foodservice for Southland Corp.'s chain of 7-Eleven convenience stores. Central Park was founded by Robert Davenport Sr., whose family founded the Chattanooga-based Krystal Co.; Davenport remains as chairman of Central Park.

Central Park serves a quarter-pound hamburger for 89¢, large fries for 39¢, and a 20-oz. soda for 39¢. Burgers are fresh, never frozen, and are dressed and cooked to order. Until now, buildings have been eye-catching 12-ft.-x-12-ft. kiosks. The company has recently developed a new prototype unit with 200 additional sq. ft. of space, keeping the same exterior theme.

Another typical Burger Baby is Grand Restaurant Corp., operators of Grand Junction Hamburger Stations, headquartered in Lexington, KY, with 13 units. Ten are company-owned and three franchised. Another 25 or so franchises have been sold and units will open in the next two and a half years, according to Brian Sims, director of operations. Concentration will be in West Virginia, Kentucky, Illinois, and Florida, alongside existing units.

Grand Junction has a larger prototype to replace its current unit. The new building offers more storage space than the current building, so the company will have some future flexibility with its menu, says Sims.

Cautious observers can't help but see parallels between the frenzied activity in the Burger Babies segment today and the excitement a few years ago about the Gourmet Burger niche.

GOURMET BURGERS. The Gourmet Burger boom went bust. Most of the companies are gone: Bonkers, Daly's Dandelion, Moxie's. Flaky Jake's has been exploring various financial restructuring plans. The size of the niche had been overestimated, and some companies had exalted expectations about ROI. The companies that survived did so by diversifying their menus. Dallas-based Chili's Inc. no longer considers itself a Gourmet Burger chain; nor does Applebee's Neighborhood Grill & Bar, which was until recently owned by New York City-based W.R. Grace & Co.'s restaurant division.

San Antonio, TX-based Fuddrucker's Inc., a battered but still viable survivor, has emerged as the only company that can claim national stature in the Gourmet Burger niche. The company is in a much stronger financial position after selling 32 company-owned units to franchisees, which reduced bank debt from $33 million to about $6 million, according to Bill Sivak, chief financial officer, senior vice president, and treasurer. The company also recently completed a stock rights offering to stockholders, which raised about $6 million in equity. The company reported a profit during its second quarter this year.

Fuddrucker's now operates 115 units in the U.S. and Canada, with 1986 sales of more than $100 million. Average unit volumes are about $1.4 million to $1.5 million, a slight drop over last year—but nowhere near the steep drop seen in the previous year. "In fact, this fall we are seeing some increases in comparable store sales," Sivak notes.

The company is pursuing modest expansion through franchising, with 15 to 20 new restaurants expected to open this year. A licensing agreement signed several years ago with a group in Japan is coming to fruition with the opening of several Japanese units. A licensing agreement in Argentina and a joint venture in Western Europe are under negotiation.

On the West Coast, Irvine, CA-based Red Robin International now operates 47 Gourmet Burger operations, 20 of them company-owned. Some 90 percent of the company is owned by Skylark of Japan, which also operates family restaurants in Japan. The company plans aggressive expansion in the future, with emphasis on filling out existing markets, says Mark Katz, marketing director. In addition to West Coast units, Red Robin International also operates a handful of units in New York and Florida.

North Carolina-based Fat Daddy's Market & Grill features a display butcher shop that grinds fresh hamburger meat for its gourmet burgers.

The 21-unit Round the Corner chain will continue to expand its Gourmet Burger concept at the same time that it develops the double-drive-thru concept, says president Massey. Two to three units will open in the coming year, and all Colorado stores are now undergoing complete cosmetic facelifts. Annual unit sales are about $850,000.

In the Southeast, Rudy's Restaurant Group Inc. has carved out a strong position for itself with a concept that combines elements of both traditional fast-food and Gourmet Burger concepts, according to Andrew Howard, the Miami-based company's vice president. Rudy's offers fast service combined with the high-quality food and upscale atmosphere of a Gourmet Burger operation. "We're sort of a very upscale Wendy's," says Howard.

Four Rudy's are open in South Florida, with three more under construction. All are company-owned at this point, although the company is working on a franchising plan. The company hopes to open six to eight new company restaurants over the next year.

Another Southeastern company that seems comfortable in the Gourmet Burger niche is Raleigh, NC-based Fat Daddy's Market & Grill, which operates three units in Raleigh and Fayetteville, NC—all company-owned.

Without price increases, unit sales have risen between 10 and 15 percent over the last year, according to president and chief operating officer John Vick. Vick developed the concept with Thad Eure Jr., owner of the Angus Barn in Raleigh and founder of the Darryl's chain, now part of Gilbert/Robinson Inc. Eure serves as chairman and chief executive officer. Units are grossing about $2 million a year.

Last year the restaurants added a breakfast buffet, and just recently a full salad and hot food bar was introduced. The all-you-can-eat salad and hot food bar sells for $3.75.

America's appetite for hamburgers is far from satiated. The market segment is tough, but it still contains opportunities for savvy operators. The Big Boys will undoubtedly continue to get bigger, but they will have to contend with a changing market, and respond with more menu diversification and alternate siting to react to competition. Trading on local loyalty, regional and small chains should be able to maintain status quo and even grow. For the Burger Babies, a shakeout seems to be looming, but for those who survive, the drive-thru-only niche should be lucrative.

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Restaurant Business®

A BILL PUBLICATION

JANUARY 20, 1988

FASHIONABLE FOODS IN 1988

FAST FOOD • MIDPRICE • UPSCALE

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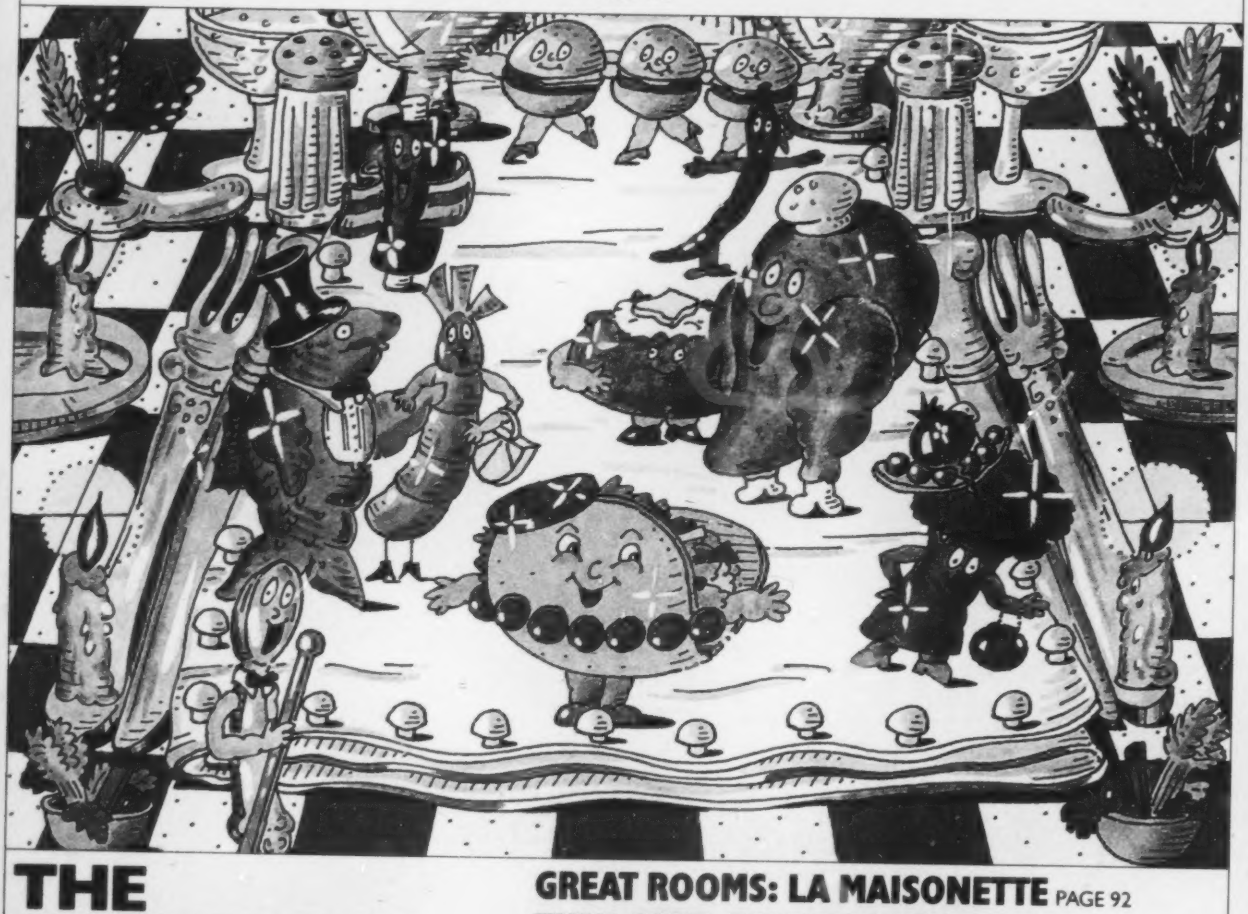

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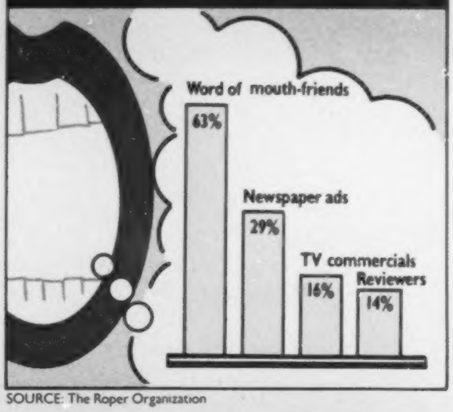
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

HOW DINERS CHOOSE A RESTAURANT

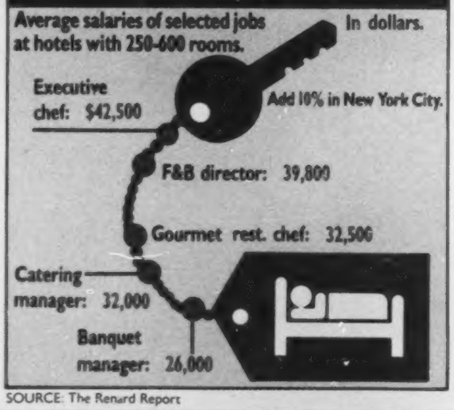


SOURCE: The Roper Organization

Hear About It, Read About It, Eat There

What is the determining factor when people choose a restaurant? According to Roper's "Public Pulse," it's word of mouth by far—especially when it comes from a family member. Personal recommendations appear to make things like newspaper ads and superstar reviewers almost incidental. The statistics at left would also seem to firmly support the oft-stated but too seldom adhered-to contention that it's things like service and quality that bring new customers in and old ones back. At least a few restaurateurs, however, would contest the insignificance attributed to reviews; they maintain that poor reviews by critics have cost them business.

PAY SCALE AT LUXURY HOTELS

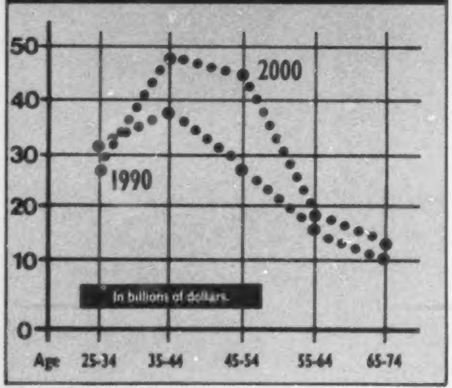


SOURCE: The Renard Report

Just How Profitable Is Being Hospitable?

Although there are "no more than a handful of cities currently showing a reasonable occupancy," reports Renard International's Hospitality Consultants' "Renard Report," hotel chefs' salaries continue to rise, due at least in part to simple supply and demand. Projects on new properties undertaken as many as 2 years ago are still opening. Also, the role of celebrity chef has gotten so much ink in recent years (do the names Puck and Prudhomme ring a bell?) that it has made a career in cuisine downright glamorous. Also tallied: maitre d', average salary, $21,250; executive sous chef, $30,000; pastry chef, $30,000; sales and marketing director, $41,500.

AWAY FROM HOME SALES BY AGE: 1990-2000



SOURCE: The Food Institute

Foodservice 2000: A Demographic Odyssey

Marketers of the 20th century are well advised to bear in mind just who their customers are—and more importantly, who their customers are going to be as we approach the year 2000. The "Greying of America" we've been reading about is proceeding apace, and the numbers at left show that tomorrow's customer may not be today's. Or more precisely, the typical consumer will be several years older, experiencing different needs and indulging in different wants. The swelling 35-to-44 and 45-to-54 age brackets and drop in the 25-to-34 category may mean harder times ahead for fastfood chains and a rebirth for cafeterias.

CHARTS DESIGNED BY SHARI FANG

Restaurant Business

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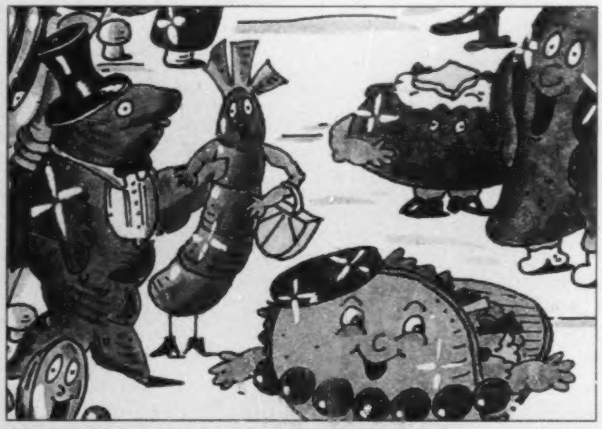

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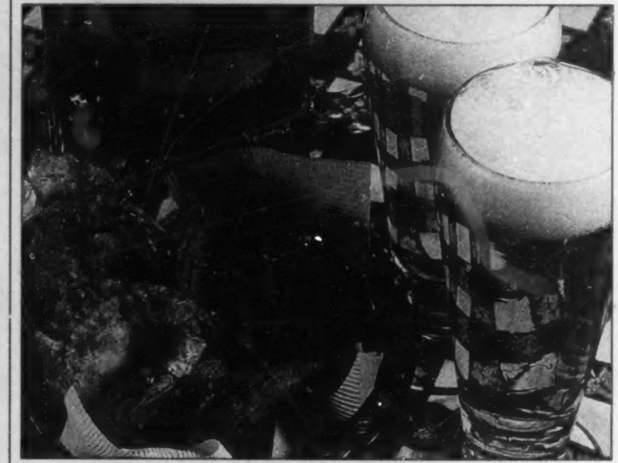

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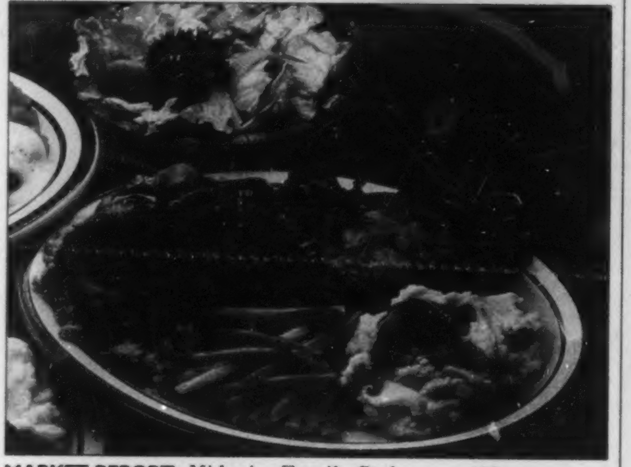

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MARKET SEGMENT REPORT

MIDPRICE FAMILY

Squeezed by fast food on one side and casual theme restaurants on the other, the midprice segment is targeting a value niche.

BY MARTIN ELDER

The midprice, family-style market segment has carved a niche by offering table service at moderate prices for cooked-to-order food. Emphasis is on price/value, serving full portions of food with average checks in the $3.50 to $7 range. The segment covers all dayparts, with atmosphere and service casual enough to be appropriate for family groups. Table service is quicker than more upscale concepts but not as fast as fast food. Although the segment is broad, family-style concepts such as Denny's, Bob Evans, Big Boy, Friendly, and Shoney's dominate.

According to CREST data, customer traffic counts in U.S. family-style restaurants, since 1982, have been 3 times higher than traffic counts in the total midscale restaurant category.

IN THE MIDDLE. Midprice chains find that they are competing for food dollars with fast food on one end of the spectrum and more upscale, casual theme concepts on the other. "The environment is so competitive that everybody has become our competition," says Michael McNeil, marketing manager for Nashville, TN-based Po Folks Inc. "We are competing harder than ever, within our own family-style segment as well as with casual theme restaurants, fast food, convenience stores, delis, and supermarkets."

A major trend in the segment has

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Country Kitchen's supper promotion highlights "good old-fashioned" foods like roast beef, turkey, and country-fried steak.

MARKET SEGMENT REPORT

MIDPRICE FAMILY

been a move towards increasing traffic during all 3 dayparts. Several of the family-style chains evolved from breakfast or snack concepts. They have been repositioning with broader menus and new images.

Upscaling of decor packages coupled with new menu additions has moved up some family-style concepts into competition with casual theme concepts such as Bennigan's. Some midprice chains have even been experimenting with takeout.

And, in an attempt to better compete with fast food, many operators are speeding up table service. At the same time, quick-service operators have enhanced their concepts through decor improvements, aggressive advertising, and menu enhancements. And, in terms of check averages, the two segments are almost on a par. This has led to a blurring of categories.

According to George Rice, president of GDR/CREST Enterprises Inc., Park Ridge, IL, "Family-style is caught between mid- to high-price casual theme dining on one end, and moderate- to low-price fast food on the other. As for winning the customer over, the answer is value. The combination of service format, variety, quality of food, and price, represents value."

FAVORABLE CONDITIONS. In terms of customers, demographics favor family-style concepts. There are more families today, a trend that should continue. And the population is aging, with a greater number of senior citizens, who are prime customers. The chains are bending their efforts to attract these two groups. Strategies include discounts and special menus.

But demographics also have a down side. The traditional labor pool of teenagers is dwindling. Table-service concepts, with their greater labor requirements, will feel this problem even more severely than will fast food. This is a major challenge for this market segment.

Shoney's has built breakfast sales to 25% of the total with its improved serve-yourself breakfast bar, offered in all 606 units.

"To the degree that the customer is being driven by convenience needs, then the fast-food operator is going to win," says Rice. "Fast-food operators have expanded their menu variety in the last few years, although not as greatly as family-style restaurants have.

"The real hook for family-style restaurants is service. The question is, how much service does the customer really want? Is he willing to wait for cooked-to-order food and then wait again for table service? If the issue isn't speed of service, then the family-style operator has the advantage," says Rice.

"It's true that customers want the quickest service possible, but they also want to broaden their dining experience beyond fast food," says Joe O'Shaughnessy, senior executive vice president, Friendly Ice Cream Corp. in Wilbraham, MA. "Fast food restaurants may do an excellent job giving customers value, but we give them better quality food along with friendly table service and such perks as free beverage refills."

THREE-MEAL NICHE. Although family-style restaurants were once considered coffee shops with heavy emphasis on breakfast or dessert concepts, the broadening of menus to include lunch and dinner items has given the segment a competitive edge.

Perkins, Denny's, Bob Evans Restaurants, International House Of Pancakes (IHOP), and Village Inn Pancake Houses are still known for hearty breakfasts. But some of them have broadened their menus.

Perkins Restaurants now has a new line of melt sandwiches that are popular during lunch. The chain has also introduced dinners in a basket, which feature deep fried shrimp, chicken fingers, and fish sticks, or a combination of all three. Side dishes include french fries and coleslaw.

Bob Evans Restaurants has also fine-tuned its menu selection toward lunch and dinner. The dinner menu now includes char-broiled chicken, pork chops, rib eye steak, halibut, and boneless St. Louis-style ribs. Dinner business represents 42% of sales. The lunch menu has some additions: beef vegetable and cream of broccoli soups, taco salad, turkey-bacon club sandwich, and freshly ground beef patties.

This past summer, Country Kitchen

Marie Callender
Salad Pie Pantry

PHOTOGRAPHS BY DAVID ZANZINGER. COURTESY OF R.D. OLSON CONSTRUCTION

Marie Callender Pie Shops feature upscale decor and design packages. Shown: A unit in Lahaina, Hawaii.

restaurants, a division of Minneapolis-based Carlson Hospitality Group Inc., developed a program called "Supper Personality," which set out to modify the chain's serving format during dinner. Says Richard Hohman, president, "Instead of setting coffee cups on tables before the meal, as is traditional, we do it during dessert. As a more elegant and personal touch, we began distributing hot towels to customers to cleanse their hands between courses."

Over the past 2 years, International House Of Pancakes has introduced a line of signature sandwiches. The line includes a classic Philly cheese steak, a hamburger club sandwich, and a parmesan-grilled beef 'n' cheddar. The 460-unit chain, based in North Hollywood, CA, also features such nonbreakfast fare as seafood salads, taco salads, and London broil.

But according to IHOP's chairman and president Richard Herzer, a broader menu isn't always a competitive edge. "IHOP has been in the restaurant business for 30 years," says Herzer, "and as far as I can remember, we've never been competitive during lunch and dinner, nor are we trying to be. We are experienced and competitive in the breakfast daypart and with breakfast food served all day. We don't try to be all things to all people. Besides, the more you diversify your menu, the higher your costs become."

Mary Hacking of Village Inn Pancake Houses shares Herzer's philosophy. "We primarily serve breakfast food all day; in fact, 60% of our menu consists of breakfast foods. Although we do serve lunch and dinner, our most recent menu additions have been in the breakfast category." Within the last year, the chain has added such items as a Cajun Skillet—diced potatoes with Cajun sausage, peppers, and onions, served with eggs cooked any style.

Breakfast food is also popular at Denny's, the 1,200-unit coffee shop chain based in La Mirada, CA, now owned by New York-based TW Services. According to a company spokesperson, Denny's has had moderate success with dinner, but its niche is still breakfast.

The chain has continued developing its morning menu with the addition of Southern-style items. Chicken-fried steak is sliced formed beefsteak, dipped in seasoned batter and bread crumbs and topped with country gravy. Denny's serves the steak with 2 eggs, hashed brown potatoes or grits, and choice of toast, croissant, biscuit, or English muffin for $3.89.

COUNTRY BREAKFAST. One family-style operator new to the breakfast daypart is Po Folks. The primarily lunch and dinner chain began serving breakfast only within the past year, and only in some state highway locations, says marketing manager McNeil. Po Folks serves country cooking fare, including country-fried steak, fried chicken, and catfish. Last year, Po Folks introduced a 14-oz., char-broiled T-bone steak and broiled shrimp and flounder.

Expanding into all dayparts has been a strategy at such dessert-oriented concepts as Friendly, Marie Callender's, and Bakers Square.

Marie Callender Pie Shops, part of the restaurant division of Phoenix-based Ramada Inns Inc., has expanded beyond its original pie concept into full meals at lunch and dinner. Pot pies are a natural, and choices include chicken, turkey, and beef. The menu also features homemade soups, pastas, sandwiches, salads, roast chicken, burgers, and chili, plus 35 dessert pies.

Friendly has also moved away from its origins. "Since we repositioned from Friendly Ice Cream Shops to Friendly Restaurants, 60% of our sales are food," says O'Shaughnessy. "The other 40% is ice cream." Friendly's restaurants sell burgers, fried chicken, french fries, steaks, soups, and salads. The chain is test marketing nonfried seafood and chicken dishes in selected markets. The new entrees come with rice or pasta and vegetables.

Operators have also added self-service breakfast and salad bars, but according to some observers, this has led to a blurring of identity. Says Ron Paul, president of Chicago-based Tech-

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MARKET SEGMENT REPORT

MIDPRICE FAMILY

nomic Consultants, "The family-style market segment has already blurred its focus on 3-meal dayparts. The segment has done too little to distinguish itself across the menu and daypart to tell consumers why or when they should eat at family-style restaurants."

"I believe that the so-called blurring of positioning or identity will benefit the family-style segment," says Village Inn's Hacking. "Family-style chains have the ability to perform with more flexibility, like independent operators, if they understand the consumer composition of their unit trade areas. This is important for the segment, because family-style restaurants have to reach a broader customer base to overcome less frequency. They must be able to market themselves to a broad number of families but for fewer dining occasions. Fast-food operators have trouble distinguishing themselves from unit to unit or from trade area to trade area. They pretty much carry the same food and have the same physical appearance."

Apparently, though, a number of family-style chains are giving customers all of these experiences, and with much success, too. Such giants as Salt Lake City, UT-based JB's Restaurants Inc., a Big Boy franchisee, along with Perkins and Shoney's, have introduced breakfast bars to combine self service with table service. Average meal checks range from $3 to $4.

Shoney's family restaurants introduced its breakfast bar a few years ago. For $3.14 per person, customers can help themselves to scrambled eggs, toppings, sausages, yogurt, grapefruit, cottage cheese, banana bread, and more. At present, breakfast at Shoney's represents 25% of total restaurant sales.

Shoney's units are doing quite well, says a company spokesperson. Average unit sales for company-owned units hit $1.4 million in 1986, compared with $1.35 million in 1985. Total restaurant sales for company-owned units in 1986 reached $300 million, a 12% increase over sales in 1985.

Shoney's spokesperson says that for the next 5 years, units will grow at a rate of 20% per year. The Nashville-based chain now has 606 units, 344 of which are franchised. Alex. Brown & Sons Inc., Baltimore, MD, estimates Shoney's sales for fiscal 1987 (ended October, 1987) at $335 million.

DECOR AND IMAGE. "Fast-food chains are beginning to distinguish themselves by upscaling decor packages. Each time they do this, they get one step closer to matching the decor of family-style restaurants," says GDR/CREST's Rice.

Family-style chains are responding in kind. Bob Evans, Friendly, Perkins, and IHOP have recently remodeled units with lighter and more cheerful color schemes.

Summarizing the decor movement of the '80s is Dan Evins, chairman, president, and CEO of Cracker Barrel Old Country Store Inc., Lebanon, TN: "Family-style decor seems to be stuck somewhere between the fast-food segment, which is upscaling, and casual theme, which is downscaling. At the same time, family-style operators are downscaling to distinguish themselves from restaurants at the higher end.

"Customers get a kick out of Cracker Barrel because we don't remodel our units as they age," adds Evins. "We want Cracker Barrel to convey an image of consistency while other chains are constantly changing."

Cracker Barrel is not only known for its country cooking at moderate prices (average meal check is $4.80), but for its atmosphere evoked by hardwood floors and oak tables, especially during cold winter nights when fireplaces and old kerosene lamps add cheer.

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TOP 10 MIDPRICE FAMILY-STYLE RESTAURANTS
(as of year-end 1986)

COMPANY	SYSTEMWIDE SALES	AVERAGE UNIT VOLUME	NUMBER OF UNITS 1986	1981
Denny's Inc.	$1.134 billion	$1,007,000	1,126	831
Big Boy Restaurant System (Marriott Corp.)	940 million	1,050,000	899*	1,102**
Shoney's Inc.	673 million	1,355,000	542	335
Friendly Ice Cream Corp.	537 million	689,000	829	626
Elias Bros. (Big Boy)	340 million	1,060,000	266	195
Tennessee Restaurant Co. (parent of Perkins Restaurants)	316 million	1,029,000	328	341
IHOP Corp.	264 million	590,008	447	505
Restaurant Enterprises Group (parent of CoCo's and Carrows)	245 million	925,000	265	N/A
Bob Evans Farms Inc.	231 million	1,340,000	172	77
Po Folks Inc.	225 million	1,300,000	172	N/A

*ALL BUT 208 UNITS WERE ABSORBED BY ELIAS BROS. IN LATE 1987

**INCLUDED SHONEY'S, ESTABLISHED 1984

Cracker Barrel operates 55 units located near interstate interchanges in Tennessee, Kentucky, Georgia, South Carolina, North Carolina, Florida, Indiana, and Alabama. The units, which serve breakfast, lunch, and dinner, include gift shops that feature reproductions of early American glassware, wrought iron products, toys, and woodcrafts, as well as various old-fashioned candies, cookies, and jellies.

In its restaurants, Cracker Barrel features such Southern specialties as grits, greens, and red-eye gravy; biscuits; and pork chops, country ham, chicken, and catfish.

Cracker Barrel generates average unit volumes of $1.8 million; 85% from foodservice, 15% from retail. Evins says total company sales are expected to reach $120 million, representing a 23% increase over $99 million in sales during 1987.

To combat fast-food competition on its own turf, some family-style chains have attempted to speed up service. One operation that appears to have met this challenge is Perkins Restaurants, owned by Tennessee Restaurant Co., in Memphis.

SPEEDIER SERVICE. According to Patrick Morris, the chain's vice president of marketing, Perkins guarantees customers a free lunch during their next visit if they aren't served within 10 minutes of ordering. "Lunch is an occasion when many time-strapped workers need to eat and run," says Morris. "If our service is too slow, the customer may go to the competition."

Friendly also has attempted to speed up its service by introducing an express lunch period this past year. The lunches include entrees that are made to order and served to customers within 5 minutes of ordering. Customers who wait longer than 5 minutes are compensated with a free dessert.

At the same time that midprice restaurants are speeding up service, fast-food transaction ranges are creeping up. "Fast-food restaurants are more expensive to dine in than family-style restaurants," contends Mary Hacking, vice president of marketing for Denver-based VICORP Restaurants Inc., owner of both Bakers Square restaurants and Village Inn Pancake Houses. "Customers no longer see a difference in either price or value between fast food and family-style. There is a price blur. Such a blur means that customers actually get more value for their dollar at family restaurants. Our prices at Village Inn are moderate. The quality and variety of food is better. Plus, we offer patrons friendly and personalized table service."

International House of Pancakes has recently remodeled units with more contemporary design elements.

Advertising budgets have traditionally represented a small percentage of sales for the family-style segment. Operators generally spend no more than 2% a year on advertising. In contrast, fast-food operators spend 5% to 7% of total sales annually on advertising.

According to Bakers Square's Michael Kelly, "Family-style operators can't spend nearly as much on advertising as fast-food operators can spend. Fast food has the advantage of faster unit growth."

"I don't see advertising playing a major role for family-style restaurants," says Technomic's Paul. "The segment is not in a convenience situation. It's not selling the same image across the country like a big chain. Advertising a family restaurant should be executed from a local or regional angle. It's bad enough that family-style chains are inconsistent in their unit-to-unit delivery."

For instance, the 55-unit Cracker Barrel chain keeps its advertising fairly low key. Company president Dan Evins says marketing represents about 2.5% of total restaurant sales. "We do mostly local billboard advertising on interstate highways."

At Pea Soup Andersen's, a 3-unit family-style chain based in Carlsbad, CA, Chuck White, company president and CEO, says that marketing efforts for family-style chains are relatively limited. "That's especially true if you have only a few units in one trade area."

Friendly's O'Shaughnessy adds that a large proportion of family-style restaurants are independents who don't advertise at all.

While advertising spending remains relatively low in general for the family-style segment, some chains have re-

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MARKET SEGMENT REPORT

MIDPRICE FAMILY

cently increased their budgets.

Denny's, for example, spends about 5% of annual sales on advertising, says a Denny's company spokesperson.

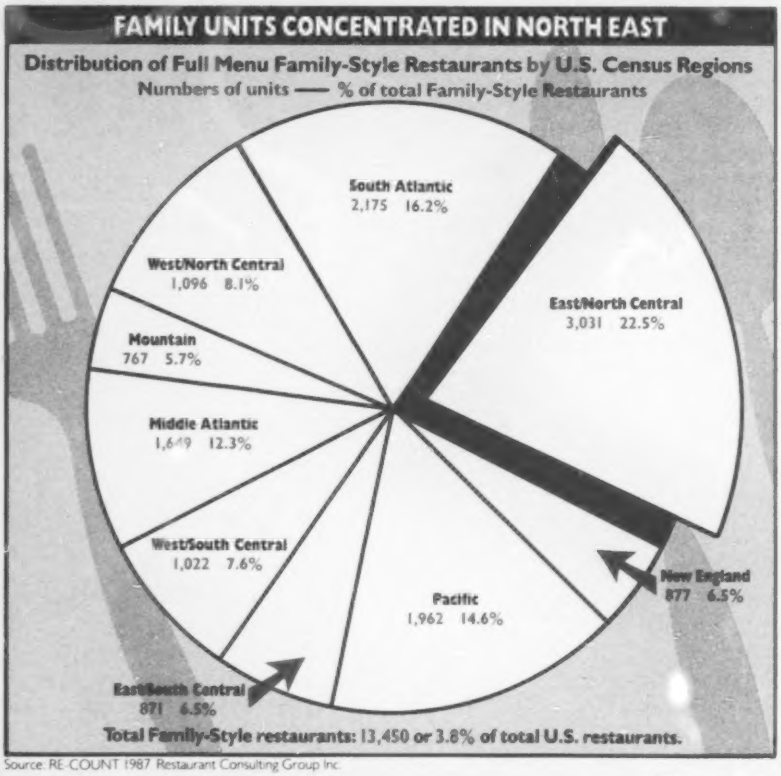
According to Country Kitchen's Richard Hohman, "Advertising represented 2.9% of total restaurant sales for calendar 1987. In 1985, we only spent 2.1% of sales on advertising, so our strategy is definitely changing."

This past spring, Country Kitchen ran a supper promotion tagged "Good old-fashioned country supper at Country Kitchen." The company used point-of-purchase signage and table mats, and print and local TV and radio ads. The advertising promoted the chain's dinner business without introducing new menu items. At present, Country Kitchen is promoting its country-fried steak dinners and country-fried steak and eggs.

Just recently the chain introduced the tagline "Country Kitchen, the country's calling you," for its take-out beverages and soups.

JB's Big Boy, a franchisee of the Big Boy system, has also stepped up its marketing efforts to boost dinner sales. Until last March, JB's spent about 2% of sales on advertising; now it spends 3.5%, says company president Clark Jones.

"We have to boost our dinner sales," says Jones. JB's has run TV promotions for the company's all-you-can-eat shrimp at the salad bar. At present, JB's Big Boy is testing fajitas and turkey sandwiches in selected markets. Last year, JB's introduced 4 types of chicken entrees: Polynesian chicken, stir-fried chicken, chicken teriyaki, and chicken parmesan. It also added Belgian waffles to breakfast.



FAMILY UNITS CONCENTRATED IN NORTH EAST

Distribution of Full Menu Family-Style Restaurants by U.S. Census Regions

Numbers of units —— % of total Family-Style Restaurants

Total Family-Style restaurants: 13,450 or 3.8% of total U.S. restaurants.

Source: RE-COUNT 1987 Restaurant Consulting Group Inc.

Jones says that family-style is an old concept. "During hard times, the customers from upscale dinner houses have to come to us. In good times, though, we still do a good share of business. Because of table service, along with cooking and menu flexibility, we're not a 1-item concept."

JB's sales took a dip from 1986 to 1987. Sales were down because approximately 27 Big Boy units were sold back to Marriott Corp., the franchisor at that time.

Marriott, however, is no longer JB's Big Boy's franchisor. This past November, the hotel/restaurant giant transferred the franchising rights from its 914 Big Boy system to Elias Brothers (Big Boy) Restaurants in Warren, MI. JB's Big Boy is now a franchisee of Elias Brothers, as is Marriott. Marriott, however, will continue to operate 208 company-owned Big Boy restaurants in 6 states as well as in Washington, DC.

DEMOGRAPHICS. Changing demographics seem to favor the family-style segment. The population is aging, and senior citizens have always been a very important customer base for family-style restaurants. More, albeit smaller, families are forming. And families, by definition, are a key target customer base.

According to Technomic's Paul, "Demographics actually favor the family-style segment as our population continues to age. To that end, I would imagine that both senior citizens and middle-aged consumers—the bulk of our population—would prefer table-service dining over that of self-service at a fast-food restaurant. I also see opportunities for the family-style segment as more small-family formation continues into the next century, indicating that levels of both per capita income and disposable or discretionary income will rise."

CATERING TO SENIORS. IHOP's Herzer believes that senior citizens can be very loyal customers "if you treat them well." IHOP gives seniors discount cards for 10% to 20% off meals.

Other family restaurants offer discount cards. But according to Country Kitchen's Hohman, cards can be em-

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barrassing for seniors to display, especially when they're with their families. "Many seniors feel self-conscious about getting a discount. And while many appreciate the offer, they feel like they're begging for charity or sympathy. At Country Kitchen, we have a senior citizen's menu that offers the same discounts that other establishments offer. Seniors just place their order without having to advertise their age."

There are also senior citizen clubs, like the one at Pea Soup Andersen's. Says president White, "We've organized senior citizen clubs for local residents. There is no membership fee to join. Members are able to attend dinner dances at the 3 restaurants."

Families with children are a very important part of family-style dining, although they're not as fast growing a group as seniors. Operators woo children with coloring books and other perks to get their minds off fast food.

Chains like Shoney's and Po Folks, for example, have children's menus in coloring books that list smaller-portion entrees. Pea Soup Andersen's has kiddie rides outside its restaurants, and JB's Big Boy restaurants have private dining areas for birthday parties.

But there is also the flip side to demographics, says Martin Holdrich, senior economist for Washington, DC-based Woods & Poole Economics. "Smaller family formations could mean that smaller groups will dine at family-style restaurants, thus causing a decline in business for the segment. Compounding this problem is the growing number of both dual-income and single-income households.

"On the other hand, rising household incomes indicate that families will be able to afford to eat out more frequently, if they so choose. Such an occurrence could be highly profitable for family-style restaurants."

Although some efforts are obviously being made to speed up table service, most family-style operators pay little attention to beefing up their take-out business.

According to GDR/CREST's Rice, "There are some legitimate opportunities for midprice restaurants to develop a strong take-out business, even though it's not a natural extension of the family-style segment. Of course, takeout has to be analyzed and executed as an independent marketing opportunity."

It appears that currently the only operators with significant take-out business are those offering dessert items.

Friendly, for instance, has a strong take-out business, selling freshly scooped ice cream. And, since the company recently introduced prepackaged, single-serving ice cream cups, Friendly's off-premise business accounts for 10% to 15% of total sales.

At Bakers Square Restaurants, approximately 26 different varieties of pies are available by the slice or as whole pies. Formerly known as Poppin' Fresh Pies, the family-style chain claims that a good portion of its business is derived from takeout. Part of Bakers Square's take-out business is from whole-pie sales at the drive-thrus, notes executive vice president of marketing Kelly.

Marie Callender Pie Shops is another family-style chain that originated as a dessert concept. At present, pies and other bakery products, including takeout, account for 25% of sales.

However, says IHOP's Herzer, "Sitting down and eating in a family-style restaurant is a better dining experience than taking out food in a box. We're not trying to be fast food."

According to Roger Williams, vice president/director of marketing for Columbus, OH-based Bob Evans Farms, "We don't mind increasing our take-out business, as long as it's not at the expense of our number-1 priority—taking care of customers who want friendly table service." Bob Evans recently increased its small but growing take-out trade. At present, food-to-go represents 2.2% of total restaurant sales, but will not exceed 5%.

THE LABOR CHALLENGE. Demographic projections have implications for the labor pool, as well.

According to Holdrich, the next 2 decades suggest moderate growth in the ranks of teenagers and young adults (ages 15 to 24)—the traditional pool for hourly workers—and negative growth in the 25-to-34 age category, from which much of middle management is drawn.

"One of the biggest challenges in the Northeast is the labor shortage," says Friendly's O'Shaughnessy. "There's

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Friendly
restaurants
DRIVE
THRU
Friendly

A number of Friendly's units now feature drive-thru windows, and the chain has developed products, such as prepackaged sundaes, to support drive-thru sales.

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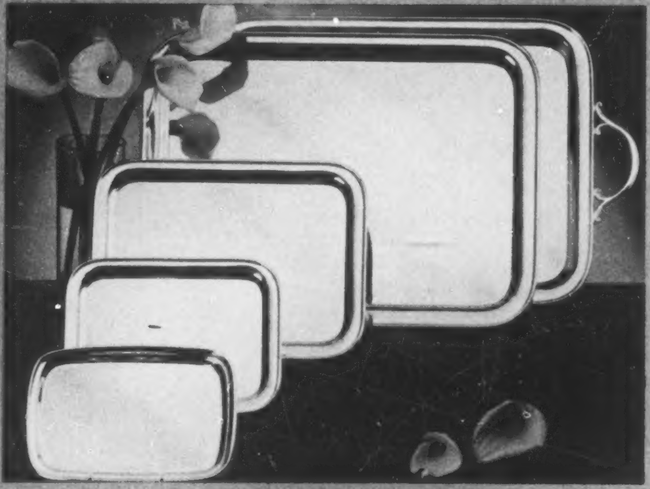

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MARKET
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REPORT

MIDPRICE FAMILY

nothing worse than a customer visiting a restaurant and noticing the lack of restaurant personnel and the lack of service. Friendly has 190 units in Massachusetts, a state with one of the lowest unemployment rates. While that's good news for workers, it's a challenge for employers."

Indeed, the labor situation has some negative implications for restaurants. Nevertheless, a challenge can be turned into an opportunity. This is especially true for family-style restaurants that rely on waiters to serve customers.

"Our waiters have an incentive to earn decent wages from the tips or gratuities they receive. Hourly employees at fast-food restaurants don't have that advantage," says Tom Martin, executive vice president and president of the restaurant division of Ramada Inn Inc., owner of Marie Callender Pie Shops. "Hourly employees at Marie Callender are trained to become managers and cooks. Our managers, in fact, stay with us for an average of 8 to 10 years."

Martin admits the teenage labor pool may be shrinking, and notes the high employee turnover prevalent throughout the entire restaurant industry. But high turnover, says Martin, is likely to have a more negative effect on fast-food operators than on those in the family-style segment.

It's obvious that proper motivation is needed to retain employees. And the success of the family-style restaurant depends on good service. ◼

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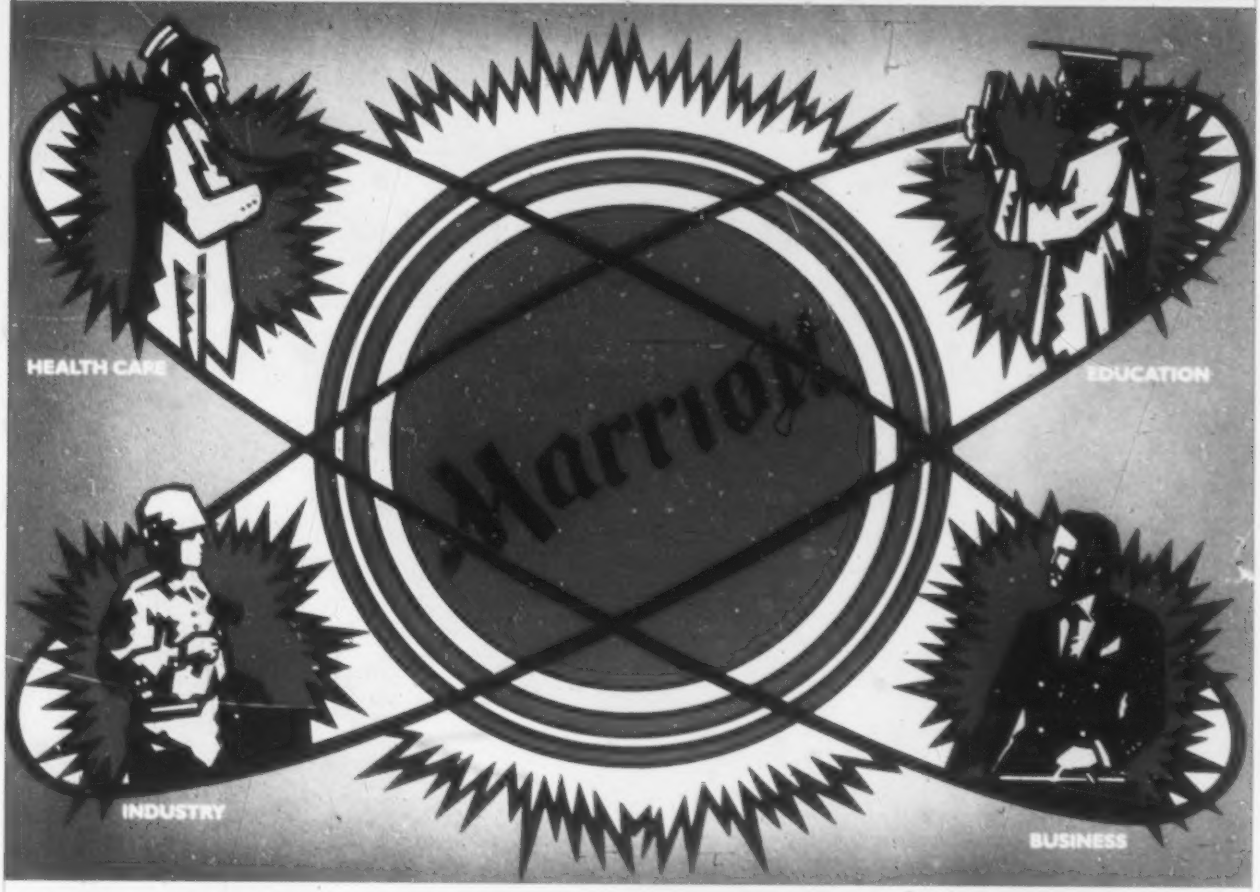
A BILL PUBLICATION

FEBRUARY 10, 1988



HEALTH CARE
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MARRIOTT TAPS SERVICE SYNERGY

IMMIGRATION LAW UPDATE/THE IMPACT IS NOW BEING FELT

THE RAX ATTACK/FAST FOOD WITH STYLE

INDEPENDENT CLOSE-UP/HOGANS HIDEAWAY GETS ON THE MAP

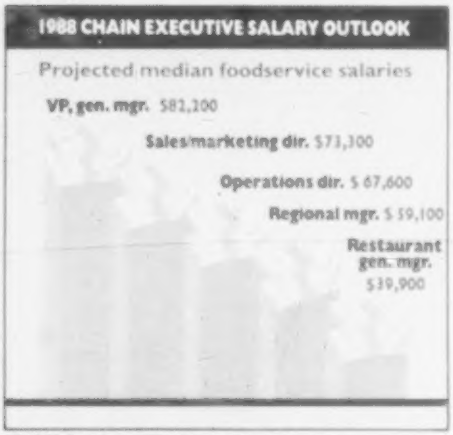
SUBLIME SANDWICHES/MENU IDEAS FROM THE RB TEST KITCHEN

TIP EXEMPTION/CALIFORNIA FIGHTS FOR WHAT IT'S WON

BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

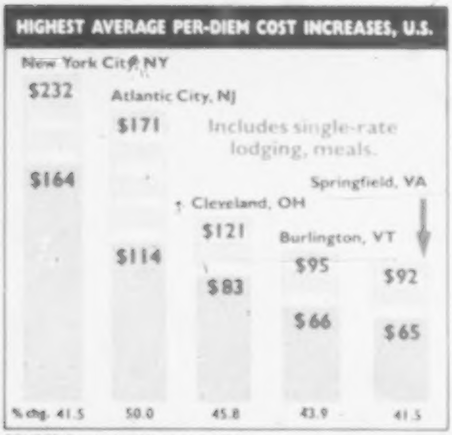
By Howard Riell



SOURCE: Roth Young 1988 U.S. Salary Outlook Survey

Who'll Be Earning How Much This Year

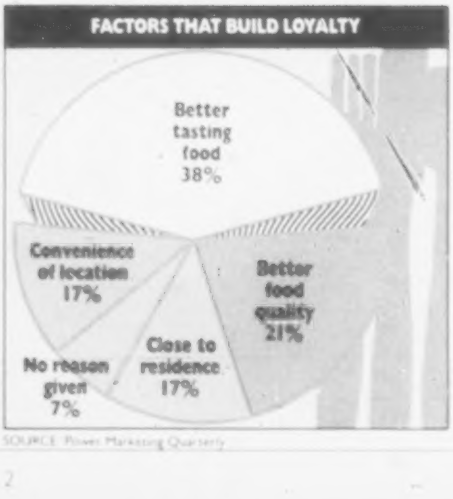
In all, professional-level salaries throughout this labor-intensive industry are expected to rise this year by just 5% to 6% above 1987 levels, according to New York-based Roth Young Personnel Service Inc. Primary among the reasons for the relatively moderate increases, says Roth Young, is employers' attempts to maintain profit margins while faced with increased competition. Yet on the other hand, the company adds, employers are also resigned to paying "whatever the traffic bears" to attract and retain highly skilled unit managers who are capable of hiring, training, and motivating their employees.



SOURCE: Runzheimer Meal Lodging Cost Index

Where Business Travel Prices Are Zooming

"Many larger industrial centers of the North have undergone an economic resurgence during the past five years," says Judith Godshalk, project manager of the Runzheimer Meal-Lodging Cost Index. However, "the rush to the Sun Belt by the business community leveled off." In fact, while per diem business costs in northern cities like New York and Atlantic City have soared, they have actually decreased 7.3% in Oklahoma City, OK—from $69 in 1982 to just $64 today. Of the 100 cities costed in the Runzheimer Index, 56 northern locations rose an average of 27.7% in per diem rates from 1982 to 1987; the 44 southern cities rose just 19.5%.



SOURCE: Power Marketing Quarterly

What Keeps Consumers Coming Back For More?

There is, perhaps, no more treasured yet elusive commodity in fast food than brand loyalty. But what inspires it? According to a Power Marketing Quarterly survey, taste and perceived quality head the list, followed by location, PMQ says. At least a quarter of fast-food diners questioned said they visited the same restaurant for 10 years or more. A third said they never switched loyalties. Only 11% reported changing loyalties in the last year. Perhaps predictably, the survey found that those aged 18 to 24 tended to be less loyal than those aged 35 to 49. The less loyal patrons are also likely to be single and from two-income households.

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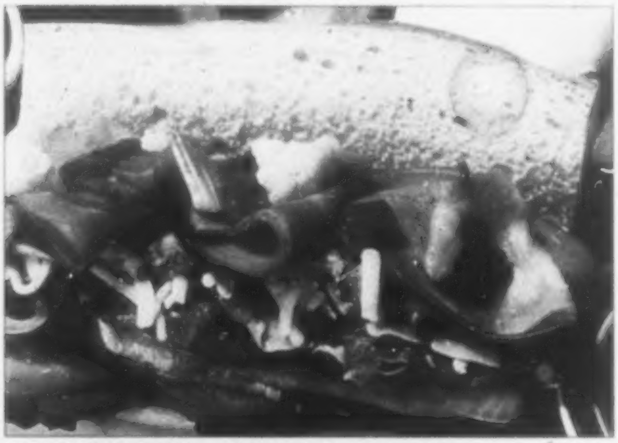

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Cover Illustration by Chris Spollen.

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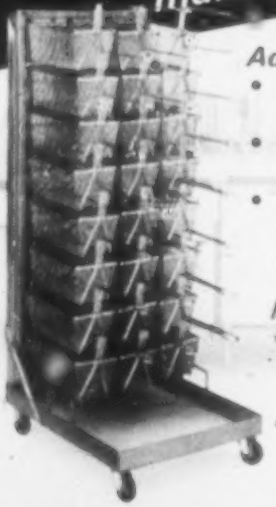

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EXCH		PRICES						EARNINGS	
		52-WEEK RANGE HI	LOW	1 YEAR AGO	CLOSE 01/15/87	4 WEEK NET CHNG	4 WEEK PCT CHNG	LATEST 12 MONTHS	P/E RATIO
O	AM RESTAURANTS	2 3/4	1/2	2	1/2	0	0.00		
N	AMFAC, INC	40 3/4	18 3/4	24 11/16	33	+ 1/4	+0.76	325	
O	ARDEN INTL	2 7/16	15/16	1 13/16	1 3/16	0	0.00	7	16.1
A	ARK RESTAUR	5 1/2	1 3/4	4 1/2	2 1/4	+ 1/4	+12.50	15	11.3
O	ASSOC HOSTS	11 1/4	6 3/4	8 3/16	8 7/16	- 1/8	-1.41	18	17.1
O	BENIHANA NATL	6 7/16	2	6 1/16	2 7/16	+ 1/4	+11.76	92	
O	BOB EVANS FARMS	21 13/16	13 3/4	16 5/8	15 1/2	- 1/4	-1.59	99	18.2
O	BOMBAY PALACE	8 1/2	3	6 1/4	3 3/4	+ 1/2	+15.38	-14	13.9
N	BROCK HOTEL	11 7/16	4 3/16	9 7/16	5	+ 1/4	+5.26	13	
O	BUFFETS INC	25 1/2	11 3/4	12 3/4	15 1/4	+ 1/4	+1.67	19	33.9
O	BYERS INC	7/16	3/16	7/16	1/4	- 1/16	-13.64	70	
O	CALNY INC	12 3/16	7 15/16	7 15/16	10 3/4	+ 1/8	+1.15	158	
O	CAPT CRAB	1 3/16	1/4	5/8	3/8	+ 1/8	+36.00	47	17.2
N	CH FULL O NUT	9 3/4	5 7/16	9 3/8	6 3/16	- 3/8	-5.69	29	22.2
O	CHEFS INTL	1/2	1/16	1/4	1/8	0	0.00	65	
O	CHICKIS	9 1/4	6 1/2	7 1/4	8	+ 1/2	+6.67	529	
O	CHILIS INC	36	18 11/16	26 1/4	20	- 1/4	-1.23	126	16.3
N	CHURCHS FR CH	14 11/16	5	12 3/16	6 15/16	+ 3/16	+1.93	310	27.5
N	COLLINS FOODS	23 1/2	10 3/16	19 7/16	12	- 3/16	-1.07	148	10.6
A	COLORADO PRIME	15	6 15/16	9 11/16	9 11/16	- 3/8	-3.70	42	10.6
O	CONSOL PRODS	8 1/4	3 1/4	3 11/16	6 1/4	+1 1/8	+21.95	58	7.9
O	CONSUL REST	2 3/16	1	1 15/16	1 3/16	+ 3/16	+15.00	64	
O	CRACKER BARREL	20 3/4	12 3/4	15	17	+ 3/4	+4.62	62	16.8
O	CRESCOTT INC	5 1/4	1 7/16	3 9/16	1 15/16	+ 7/16	+29.33	37	
O	DUNKIN DONUTS	32	19 1/2	29 3/4	24 1/4	- 1	-3.96	177	13.5
O	EL CHICO	6	3	4 1/4	3	- 1/4	-7.69	34	
O	EL POLLO ASA	7 3/16	1 3/16	7 3/16	1 3/4	+ 1/4	+17.36	77	
O	FAMILY STEAK HO	10 3/16	3 3/16	4 11/16	3 15/16	0	0.00	89	32.5
O	FAMOUS REST	3 13/16	1 3/4	2 1/16	1 15/16	+ 1/8	+3.87	22	
O	FAST FOOD OPER	1/2	1/8	3/8	3/16	0	0.00	2	
N	FOODMAKER	14 3/4	5 3/4	9 7/16	9 7/16	- 1/4	-2.60	42	7.8
A	FRISCHS	45	27 11/16	37 3/16	39 3/16	+1 3/16	+2.97	16	62.1
O	FST NATL CP O	2 1/4	[illegible]	1 5/16	1 3/16	0	0.00	1	
O	FUDDRUCKERS INC	3 1/16	3/4	2		+ 1/16	+6.82	115	
N	GENERAL MILLS	62 3/16	40 3/4	45 3/8	49 3/16	- 7/8	-1.74	1380	17.4
N	GREYHOUND CORP	46	19 1/4	33	26 3/4	+ 1/4	+0.94	412	6.4
O	HAMBRG HAMLET	8 1/4	4	5	8	0	0.00	3	22.9
A	HARD ROCK	16 3/4	3 3/16	3 1/2	5 1/2	- 1/2	-8.33	15	12.2
N	HERSHEY FOODS	37 3/4	20 3/4	26 3/4	24 1/4	-1 3/4	-6.73	545	15.2
N	HILTON HOTELS	91 3/4	55	70 3/4	73 1/2	+3 3/8	+4.81	307	17.1
N	HOLIDAY INNS	57	11 11/16	24 11/16	24 11/16	-1 3/8	-5.27	558	3.9
A	HORN HARDART	16 3/4	5 1/2	14 3/4	9 11/16	-1 1/4	-11.49	270	6.6
N	INT'L MULTIFOODS	39 3/4	22 1/2	26	27 1/2	-1 1/4	-4.35	255	8.2
O	INTL DAIRY QUEE	34 1/2	20	26 9/16	22 3/4	- 3/4	-3.19	48	15.5
O	INTL KINGS TAB	23	11	16 3/4	16 3/4	+ 1/2	+3.08	25	29.4
O	JB RESTAURANT	7	3 7/16	6 11/16	4 11/16	+ 3/4	+19.33	176	
O	JERRICO INC	25 7/16	12 7/16	19 15/16	14	+ 3/8	+2.71	154	11.8
O	KARCHER CARL	21 11/16	10 11/16	11	14 1/4	- 3/16	-0.90	403	
A	LUBYS CAFE	32 15/16	20	27 1/2	24 1/4	- 3/4	-3.00	52	17.8
O	MARCUS CORP	18 3/4	11 1/2	14 1/4	13 3/4	- 3/4	-5.17	5	11.2
N	MARRIOTT CORP	43 3/4	[illegible]	32	29 1/4	- 1/4	-0.85	945	18.1
O	MAVERICK REST	1 7/16	7/16	1 1/16	7/16	- 1/4	-39.68	27	
O	MAX ERMAS	2 3/4	1 1/4	1 5/8	2	+ 3/16	+10.50	1	11.8
O	MC FADDIN VENT	2 7/16	1/4	2 5/16	7/16	+ 1/8	+22.58	2	
N	MCDONALDS CP	61 3/16	31 7/16	44	44 15/16	- 1/4	-0.55	2371	16.1
O	MENET INC	6 1/2	1 3/16	3 1/2	1 3/4	+ 1/4	+16.67	5	29.2
A	MORGANS FOOD	3 7/16	1 15/16	2 1/8	1 1/2	+ 1/8	+8.70	15	15.0

EXCH: N = NEW YORK EXCHANGE, A = AMERICAN EXCHANGE, O = OVER THE COUNTER

BIGGEST GAINERS				BIGGEST LOSERS			
STOCK	4 WEEK PCT CHNG	4 WEEK NET CHNG	CLOSE 01/15/87	STOCK	4 WEEK PCT CHNG	4 WEEK NET CHNG	CLOSE 01/15/87
STORRS	+20.00	+1	6	SEA GALLEY	-54.00	- 13/16	3/4
CRESCOTT INC	+21.83	+1 1/8	6 1/4	NATL PIZZA	-39.68	- 1/4	7/16
HILTON HOTELS	+22.12	+ 1/4	1 7/16	BROCK HOTEL	-18.18	- 1/2	2 1/4
PANCHO MEX BUFF	+22.58	+ 1/8	7/16	WENDYS INTL	-16.67	-2 1/2	12 1/2
EL CHICO	+25.33	+ 7/16	1 15/16	RESORTS INT'L A	-15.79	- 3/4	4
TWO PESO	+28.97	+2 1/2	11 3/16	SWENSENS INC	-13.64	- 1/16	7/16
R J RENYNOLDS	+31.50	+ 11/16	2 11/16	CH FULL O NUT	-13.64	- 1/16	1/4
ALLEGHENY BEV	+31.58	+ 1/8	1/2	TACO VIVA	-13.61	- 11/16	4
CHICKIS	+36.00	+ 1/8	3/8	LIFESTYLE REST	-11.49	-1 1/4	9 11/16
WSTN STEER	+50.00	+ 1/16	1/8	TWISTEE TREAT	-8.40	-1 7/8	20 7/16

TRADE QUOTES

FOUR WEEKS ENDED FRIDAY, JANUARY 15, 1988

EXCH		PRICES						EARNINGS	
		52-WEEK RANGE HI	LOW	1 YEAR AGO	CLOSE 01/15/87	4 WEEK NET CHNG	4 WEEK PCT CHNG	LATEST 12	P/E RATIO
O	MORRISON INC	24 1/8	15 9/16	18 3/16	18	0	0.00	174	15.4
O	NATL PIZZA	18 11/16	8 3/4	17 7/16	10 1/2	+ 1/2	+5.00	43	11.8
N	OGDEN CORP	44 11/16	17 1/2	24 7/16	27 3/16	-1 7/8	-6.45	500	8.4
O	OLD FASHION FOOD	6 1/4	4 1/4	5	4 3/4	0	0.00		17.0
O	OLD SPAG WRHSE	9 1/4	4 1/2	4 3/4	6 1/2	+ 1/4	+4.00	2	9.4
O	PANCHO MEX BUFF	15 3/4	7 5/16	13 7/8	8 1/4	- 11/16	-7.09	57	13.5
O	PANTERAS CP	15 1/4	4 1/4	6 1/4	6 1/2	- 7/16	-5.52	482	
N	PEPSICO	42 1/4	20 1/2	30 1/8	34 3/16	+ 1/4	+0.74	3016	15.9
N	PERKIN FAM	12 3/4	7 7/16	11 7/16	10 11/16	+ 3/4	+7.59	45	13.8
O	PICCADILLY CAF	25 3/4	11 1/2	21	12 3/4	- 1/4	-1.92	21	15.1
N	PILLSBURY	48 15/16	28	38 3/4	34 1/4	+ 1/4	+0.72	1692	14.1
O	POFOLKS	4 11/16	1/2	3 15/16	3/4	- 13/16	-54.00	35	-
N	PRIME MOTOR INNS	45 1/2	21	36 3/16	34 15/16	+3 15/16	+12.52	636	20.5
N	R J REYNOLDS	71 3/16	34 1/2	56 7/8	47 15/16	+2 3/16	+4.66	2478	10.0
N	RAMADA INNS, INC	9 3/4	4	7 1/4	6	+ 1/8	+2.04	396	23.1
O	RAX RESTAURANTS	6 3/4	2 15/16	5 3/16	3 1/4	+ 1/4	+8.33	15	-
A	RESORTS INT'L A	86	11 7/16	45 1/4	13 1/4	+ 5/8	+4.91	254	
A	REST ASSOC B	18 1/4	8 15/16	9 5/8	13 3/4	0	0.00		13.8
O	REST MGMT	11	5	8 3/4	6	+1	+20.00	11	11.1
O	RESTEC	2 3/4	2 1/2	2 3/4	2 1/2	0	0.00		
O	RITZYS G D	1 3/16	7/16	1 3/16	7/16	- 1/16	-13.64	10	
O	RUDYS RESTAURAN	5 1/2	1 15/16	4 1/2	2 1/4	+ 1/4	+12.50	4	32.1
O	RYANS FAMILY	15 11/16	6 1/2	8 9/16	7	- 1/2	-0.67	1254	24.1
O	SANDWICH CHEF	7 1/2	3 15/16	6 7/16	4	- 11/16	-13.61	15	-
A	SBARRO INC	24 3/4	10 5/16	16 1/16	15	- 3/16	-0.86	80	20.8
O	SEA GALLEY	3 1/2	1 1/4	2 1/2	1 1/2	+ 1/16	+4.17	8	
O	SERVICO INC	20 3/4	7 1/4	19 13/16	10 3/4	+ 1/4	+2.38	8	18.2
O	SHONEYS INC	33 1/4	18 11/16	27	20 7/16	-1 7/8	-8.40	1005	15.1
O	SHONEYS SOUTH	15 1/2	6 3/16	14	11 3/16	+2 1/2	+28.97	386	28.5
O	SIS CP	8	1 3/4	5	2	0	0.00	5	-
O	SIZZLER REST	23 1/4	11	15 1/2	16	- 1/2	-3.03	168	17.6
O	SKIPPERS	9 1/2	4 7/16	7 5/8	5	+ 1/4	+5.26	33	
O	SO HOSPITALITY	2 15/16	9/16	2 3/4	3/4	0	0.00	99	
O	SONESTA INT'L	22	11 1/4	13 3/4	12 1/2	-2 1/2	-16.67		-
N	STONRS	12 1/4	5 1/2	8 13/16	7 3/16	+ 1/2	+7.54	48	2.9
O	STUFF YER FACE	1/4	1/16	1/8	1/8	+ 1/16	+50.00	14	-
O	SWENSENS INC	1 7/16	7/16	13/16	1/2	+ 1/8	+31.58	15	-
O	SYBRA INC	20 1/2	10 1/2	10 3/4	18 11/16	- 3/8	-1.95	2	15.9
N	SYSCO CORP	41 1/2	22 1/2	33 1/2	29	+1 1/2	+5.45	288	21.2
O	TACO VILLA	4	2	3 1/4	2 1/4	- 1/2	-18.18	3	-
O	TACO VIVA	2	1/2	1 7/8	13/16	+ 1/8	+17.39	7	-
O	TCBY ENTERPRISE	19 3/8	2 5/16	2 5/16	7	- 1/2	-6.67	818	15.2
N	TGI FRIDAYS	10 3/4	5 1/4	7 3/16	6 7/16	0	0.00	56	20.6
O	TOPSYS INTL	1 1/4	1/2	1 3/16	1/2	0	0.00		-
O	TWISTEE TREAT	3 3/16		2 1/2	1 7/16	+ 1/4	+22.12	291	-
A	TWO PESO	13 1/4	3 3/4	4	4	- 3/4	-15.79	19	50.0
A	UNO RESTAURANT	14 7/16	7	10 1/2	10 1/2	- 11/16	-5.66	32	25.6
A	USACAFES	10 1/2	7	9	8	- 3/16	-1.60	78	9.3
N	VALHI INC	14 11/16	4	4 1/4	9 11/16	- 1/4	-2.53	201	21.9
O	VICORP RESTAURA	13 3/4	5 1/2	10 5/8	6	- 7/16	-5.96	140	17.1
O	VIE DE FRANCE	6 1/2	3 3/16	6 3/16	4	+ 3/8	+10.19	47	-
N	W. R. GRACE & CO	37 5/16	19 3/16	27	26 1/4	+1 3/4	+7.14	1616	-
N	WALT DISNEY	82 1/2	41 1/4	50	60 1/2	-2 7/16	-3.78	2846	18.7
N	WENDYS INTL	13 1/4	4 3/16	10	5 3/4	- 1/2	-8.00	1296	-
N	WINNERS CP	4	1 1/4	3 13/16	2 11/16	+ 11/16	+31.50	87	-
O	WSTN STEER	17	8 1/2	11	9 1/4	- 3/4	-7.50	11	13.8

EXCH: N = NEW YORK EXCHANGE; A = AMERICAN EXCHANGE; O = OVER THE COUNTER

MOST ACTIVE				LEAST ACTIVE (*)			
STOCK	4 WEEK VOLUME (00's)	PCT OF SHARES (**)	CLOSE 01/15/88	STOCK	4 WEEK VOLUME (00's)	PCT OF SHARES (**)	CLOSE 01/15/88
WALT DISNEY	80296	2.04	60 1/2	TOPSYS INTL	9	0.04	1/2
R J REYNOLDS	79278	1.06	47 15/16	SONESTA INT'L	18	0.02	12 1/2
PEPSICO	70313	0.90	34 3/16	FST NATL CP O	40	0.08	1 3/16
MCDONALDS CP	67351	1.18	44 15/16	OLD FASHION FOOD	53	0.19	4 3/4
PILLSBURY	55068	2.13	34 1/4	SYBRA INC	173	0.22	18 11/16
WENDYS INTL	50178	1.74	5 3/4	OLD SPAG WRHSE	289	0.66	6 1/2
GENERAL MILLS	40726	1.53	49 3/16	TACO VILLA	299	0.13	2 1/4
W. R. GRACE & CO	38857	1.53	26 1/4	RUDYS RESTAURANT	312	0.30	2 1/4
RYANS FAMILY	35656	2.28	7	MARCUS CORP	367	0.16	13 3/4
MARRIOTT CORP	26730	0.69	29 1/4	SIS CP	376	0.80	2

(*) least active of issues that traded
(**) Percentage of outstanding shares based on average weekly volume

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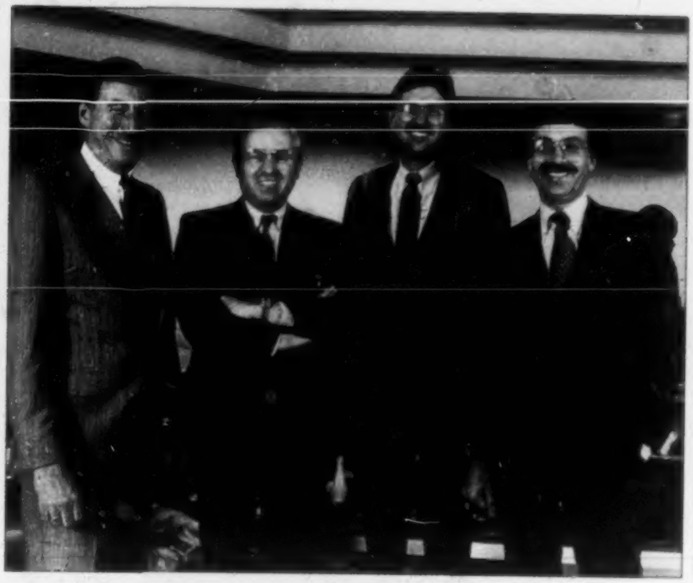
COVER STORY

MARRIOTT TAPS SERVICE SYNERGY



PHOTOGRAPH BY RICK REINHARD/BLACK STAR

The FSM team (l. to r.): Garry C. Knox, senior v.p., Education Services; Daniel P. Howells, executive v.p., Food and Services Management; Charles D. O'Dell, senior v.p., Business Food and Auxiliary Services; Robert M. Dorfman, senior v.p., Health Care/Canadian Division.

BY HOWARD RIELL

Thanks to a period of growth through acquisition, Bethesda, MD-based Marriott Corp. has become the number one contract feeder in the nation. But the story doesn't stop there. With sales from its contract operations approaching $3 billion in 1987, Marriott is using its newfound clout to structure growth by offering a portfolio of services to clients. Through its Food Services and Management (FSM) unit, Marriott provides foodservice in B&I, health care, and education settings, and will add new emphasis on facilities maintenance services such as housekeeping and security.

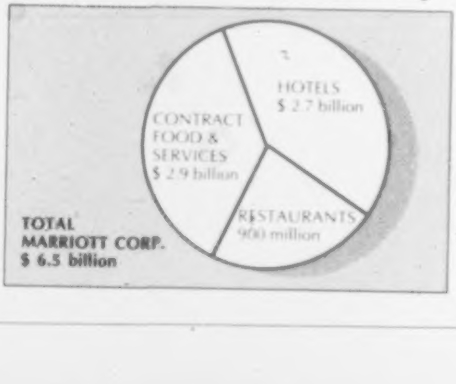
At press time, Marriott had restructured certain management functions in an effort to "consolidate line and staff support management, to give more responsibility to the field, and to bring management closer to the client." Robert Dorfman is now senior vice president of Education and Health Care; Garry Knox is now a consultant to the Education division and has become more involved in sales and account retention areas; and Bob Jantzen has taken over responsibilities for all Canadian operations.

TOP FIVE U.S. FOODSERVICE CONTRACTORS BY SALES, 1987

Marriott Corp.	$ 2.9 billion*
ARA Services	$ 2.1 billion
Canteen Corp.	$ 1.5 billion
Service America Corp.	$1.0 billion
Greyhound Food Mgmt. Inc.	$400 million

*RB Estimate

MARRIOTT SALES BY DIVISION, 1987 (estimated)



Food and Services Management

A PORTFOLIO OF GROWTH

Norb Weller, v.p., human resources.

Bob Jantzen, sales and client relations v.p.

PHOTOGRAPHY BY RICK REINHARD/BLACK STAR

Marriott Corp., the largest contract feeder in the U.S. with 1987 sales of $2.95 billion, is redefining the segment's traditional frontiers as it heads into the 21st century.

Contract operations—which include its Food and Services Management (FSM) division, plus Highway, Host, and Travel Plaza/Hot Shoppes divisions—are expanding the length and breadth of services and expertise offered in order to generate additional sales from existing and new accounts.

FSM is eclipsed only by Marriott's hotel division in terms of sales since the June 1986 merger with Saga that doubled its size and made it national in scope. FSM includes three subdivisions: Business Food and Auxiliary Services, Health care and Canadian Operations, and Education Services (see accompanying stories).

FSM had already grown substantially before the Saga deal when Marriott purchased Gladieux Corp. in January 1985 and Service Systems Corp. from R.J. Reynolds a month later. Today, of the 5.5 million meals Marriott Corp. serves every day, 2.5 million come from FSM's 2,000 accounts. Total FSM sales last year topped $2.2 billion, according to company estimates. Sales from the Host, In-flite, and Travel Plaza/Hot Shoppes divisions are broken out separately.

With accounts extending to office buildings, hospitals and other health care facilities, primary and secondary schools, colleges, airport terminals, airlines, and toll roads, Marriott has turned its marketing strength in yet another direction: ancillary services. By cross-utilizing expertise acquired through its mergers with Service Systems and Saga, Marriott plans to expand through such facilities management services as housekeeping, custodial, plant and operations maintenance, groundskeeping, security, valet services for students, and in-room, restaurant-type meal and valet service in hospitals.

The company will also make health care a major growth area, and will begin to expand its international operations beyond Canada. Another important goal: implement programs to cushion the impact of a growing labor shortage.

Overall, the period of meteoric growth through acquisition has given birth to a new era, in which business will be expanded more slowly, through prospecting of existing accounts.

SYNERGIES. Marriott's growing commitment to the services end of the business is best illustrated by FSM's recent name change, from Food Service Management to Food and Services Management. Division executive vice president Daniel P. Howells says he expects facilities management sales to eventually rival foodservice.

"We believe facilities management has tremendous potential," says Howells, "and we're pressing very heavily into that area. There is a great synergy between the businesses; the same client base that we have on the foodservice side is the client base that we can service from the facilities side."

Howells adds that Marriott first got into the business through the acquisition of Service Systems, which had considerable expertise in facilities management.

The Saga acquisition further bolstered FSM's forays into facilities management, because Saga had recently bought 20% of a small, family-run facilities management firm called Quornden. The company was headed by Graeme Crothall, considered the industry's premier operator. "We realized that if we looked at clients' needs as a package, we could provide all the services in that package," says Howells. Marriott soon bought up the remaining 80% of Quornden.

"The opportunities in facilities management are tremendous," explains Charles D. O'Dell, who oversees Crothall's operations as senior vice president of Business Food and Services. "As facilities management gets bigger, we will spin it off as a separate entity."

How big a business can facilities management become? Says Howells: "The market is equal in size to the foodservice market. We do $1.5 billion worth of business in foodservice. We think the skill bases that are required in that business are analogous to what we have in our foodservice business."

HEALTH CARE. With all three FSM divisions growing more than 10% a year, it is Health Care, at 15% annual growth, that is expected to lead the vanguard into the next century. "There is enormous cost pressure on hospitals," notes Howells. "They're searching for ways to do things more efficiently, and more are turning to contracting. And the greying of the population will lead to more acute-care and life-care facilities, an additional opportunity."

Likewise, Howells says projections of healthy growth in the education segment are based on the added marketing and cost-cutting incentives that colleges have to contract out services. Primary and secondary school sales growth will continue to surpass that of higher education, he adds.

GROWING. It was long before 1986, Howells recalls, that "Marriott realized that, to reach a national scale, we would have to make acquisitions. FSM was small—about $200 million in sales—but growing." Service Systems, with annual sales of $500 million, though East Coast-based like Marriott, "tied in very nicely with our business. But it didn't give us the kind of national presence we wanted to have." It was the buyout of Saga, whose greatest strength was in educational feeding, that catapulted Marriott to the West Coast.

Daniel P. Howells, FSM division executive v.p.

Says Howells: "Geographically, Saga was very desirable—the company had real strength in the western U.S. It was also a very nice fit culturally." In fact, half of FSM's management today is comprised of Saga executives. The buyout also doubled the size of the division.

Marriott sold Saga's restaurant division (Straw Hat Pizza, Stuart Anderson's Black Angus, Grandy's, Velvet Turtle, and Spectrum Foods) to a group of investors headed by Anwar Soliman. "We bought Saga for the FSM side of the business alone," says Howells.

Yet despite the clout created by Marriott's recent acquisitions, labor will continue to be a problem in many markets, says Howells. Norb Weller, vice president of human resources, says, "In many respects, minimum wage is a non-issue right now. But, the shrinking labor pool is one." In order to find employees, Weller's staff participates in job fairs, contacts state employment agencies, and has developed a contest designed to elicit further recruiting strategies from Marriott employees across the country.

Meanwhile, the future of the $50- to $60-billion U.S. contract feeding segment seems positive. "It's a big industry, measured in multiples of billions," says Howells. "But it is an industry that is always under pressure to produce more efficiently. We'll grow through sales rather than acquisition now." Any further deals in the near future, Howells stresses, "would be opportunistic in nature."

continued on page 168

Business Food and Auxiliary Services

TO THE FUTURE

Gannett towers in Washington, DC: "a showcase account."

Of the three components that comprise the Business Food and Auxiliary Services (BFAS) division—Conference Centers, Concessions, and Facilities Management—it is the latter that most fuels the collective imagination of Marriott executives.

Chuck O'Dell, the division's senior vice president, has been given the responsibility of growing Facilities Management into what is hoped will eventually be Food and Services Management's fourth full-fledged division. Facilities Management sales for 1987 were between $30 million and $40 million, and they are projected to reach as high as $65 million to $70 million this year. Business Food and Auxiliary Services in total is projected to notch a 20% increase in year-to-year sales in 1988, to $108 million.

"I agree that Facilities Management can be as big as Food and Services," says O'Dell, who joined Marriott in 1980. "The opportunities are tremendous." To help the segment realize its potential, O'Dell will work closely with Graeme Crothall, whose former company, Quornden, forms the nucleus of the subdivision. The emphasis will be primarily on education accounts and health care. O'Dell and other Marriott executives spent 18 months studying Crothall's company, as well as its industry, before deciding to acquire its remaining equity last August. Crothall has moved to Marriott's Bethesda, MD, headquarters to oversee the operation, whose regional offices are in Orange, CA, and New Castle, DE.

"The company is looking to us in the early 1990s to be a major part of this division's growth," says Crothall, now a Marriott vice president. "They made it clear to me that they are looking for us to build a large facilities management business. Over the next five years, we'll essentially build the foundations." The broad term *facilities management* will, in fact, be stretched to include new concepts like never-before-tried in-hospital valet services.

"We're the major manual foodservice provider for institutional and business clients," says Bob Jantzen, vice president in charge of sales and client relations. "Now we're going to bring housekeeping, janitorial, and custodial services to those people, and look for the cross-sell. This will occur primarily in the hospitals and colleges segment. It's new for us in terms of a major thrust.

"We've actually been in that business since 1955," Jantzen adds, "but it's always been strictly as a favor to our clients. Through our acquisitions, we picked up more pieces of business like that and all of a sudden, with the Saga merger, we took a look at it as a subsidiary. We said, 'Maybe this is our opportunity to start driving the housekeeping/plant operations/maintenance business.' And we put together the plan, and that's where we're headed now."

BUSINESS CLIENTS. But for now, and perhaps for the next few years, it is the division's traditional business clients that will occupy most of O'Dell's time. Sales from among the business segment's 1,200 accounts totaled $650 million last year, O'Dell says. They are expected to rise to $700 million in 1988.

"The industry itself is very stable," he says. "It's a slow-growth industry, seeing only 1% to 2% annual growth. We've had tremendous growth because of our acquisitions. We never had divisional vice presidents on the West Coast before (the Saga buyout), and as a result, we now have senior executives much closer to the field. To me, that's the nature of the business."

Business customers themselves, in fact, "are more sophisticated," says O'Dell. "They understand when you come to them with proposals. They understand when you try to do something different." What this means, stresses O'Dell, is that they expect something new and different.

One of BFAS's more glamorous business accounts is the twin 30-story Gannett towers in Washington, DC. Gannett is the publisher of *USA Today*. A full 90% of the daily business there is catering meetings in the buildings' 60-plus conference rooms, according to Robert L. Bobbitt, general manager of Business Food Service. There are also four formal dining rooms, used exclusively for prearranged events.

"In this account, the client requests a certain level of food and service," says Bobbitt, "and our job is to provide it." That level of food and service is translated onto a typical Gannett menu by French-trained executive chef Jacques Bourot in the form of dishes like steamship round of beef, carved to order, with chanterelle and morel sauce; tangerine mousse with berry sauce; steamed sea scallops with dill lemon butter; duck galante a l'orange; grilled tiger shrimp; and heart-shaped toast with salmon roe caviar.

"This is a showcase account," says Bobbitt. "We are providing services for Gannett when they are showing off their corporation. The facilities are not open to the public." Marriott also services Gannett functions aboard its corporate jets on occasion. In addition, a third tower is expected to rise within the next two years.

O'Dell says he thinks the employee cafeteria end of the business has "probably cycled. What we're seeing is that cycle moving again. When the employee cafeterias first opened, they were viewed as employee benefits. Then came a change in the cycle that said, 'This is a service to our employees, and we will provide it, but not necessarily at significant reductions or with a subsidy, which is a cost to the corporation. We're seeing many of the industries across the country returning to their previous mentality, that perhaps they need to provide benefits to their workers in order to keep them.

"Business foodservice has traditionally been oriented toward contractors, not self-operations," continues O'Dell. "The segment itself is probably 75% to 80% contracted. That leaves a little group of self-operated businesses, and I think that little group's probably going to stay there."

Charles D. O'Dell,
senior v.p.,
Business Food and Services.

PHOTOGRAPH BY RICK REINHARD/BLACK STAR

STUDY AND PROTECT. O'Dell says the concession and conference center subdivisions are still being studied. "They're small businesses, and they can get lost in a big organization like this, so we protect them to grow them and bring them out. I keep them here, under my direction."

Sports concessions in particular, O'Dell says, are being studied carefully. Major competitors include Ogden Services, Sports Services, ARA, Canteen, Service America, and Harry M. Stevens. "Everybody's in that business; we have to make sure we still want to be there with them. I think we still have to look at that. That's why we're protecting it right now."

As for conference centers, O'Dell says, "We're the largest in the industry today. We think we've got a large share of that market, so we want to continue to protect it and grow it as big as we can."

LABOR PINCH. Like FSM's other divisions, Business Food and Auxiliary Services is scrambling to find solutions to the growing scarcity of labor. "We have to work really hard at getting and keeping good people," O'Dell says. "The critical lynchpins in our business are foodservice directors and district managers. You have to have well-trained, well-motivated people in those positions. To us, that's the focus of 1988. We have to deal with the human resources issue. We can't wait until tomorrow. We have to make sure we're the employer of choice today."

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Health Care and Canadian Division

HELPING HOSPITALS STAY HEALTHY

A typical health-care account: quality and cost savings.

Health care is expected to set the growth pace for Marriott's Food and Services Management division, with 1988 sales projected 15% to 20% higher than last year's $400 million.

The reason is basic: Bottom lines at hospitals and health-care facilities are under attack, and contractors can handle operations more efficiently and cost effectively than the institutions can themselves.

"Five years ago, health care was primarily a noncontract-penetrated market," says Robert M. Dorfman, senior vice president of Marriott's Health Care and Canadian division since July 1986. "It was a self-operated market, until some things started to change.

COST PRESSURES. "The government started to regulate what it was to pay in terms of funding hospitals for service," he says. "Out of that came Diagnostic Related Groups (DRGs), which means the government now pays hospitals for the specific service they offer. Hospitals were not being reimbursed to the degree they'd been accustomed to. And that has put cost pressure on them."

Add to that new constraints on hospitals' sources of funding and the overbuilding of facilities that has reduced occupancy, and it quickly becomes clear why contract feeding in this division is suddenly so attractive.

"Hospitals are looking outside for a supplier who can maintain or improve on levels of service, but maintain costs," Dorfman adds. "We've been successful in picking up a disproportionate share of that move from self-operated to contract, and we foresee that going on for several years."

The division services 350 acute-care facilities in the U.S., as well as 70 retirement and nursing homes. Dorfman, who previously headed the Business Feeding division, calls health care "much more complicated in terms of the requirements a hospital has, and the laws and regulations we're dealing with, and the clinical aspect of it. We have to add another layer of management support—dietitians and clinicians.

"There's a much more dynamic group of changes taking place than there might be in the business environment," he adds. "We are dealing, in the decision-making process, with the chief executives and presidents of hospitals. Normally, in business feeding, you'd be several layers down from the one who makes the decision. We're dealing with top levels in the hospital, and with very complex issues. And another part of it is that we're in the midst of a labor shortage, and it's going to get worse, not better." The Health Care division employs about 20,000 in the U.S. To recruit employees, Dorfman's division will depend on Marriott's recently developed strategy of canvassing field management for effective regionalized programs.

"Working on recruiting strategies and employee retention is a priority for us, as it is for the other business groups," notes Dorfman.

Marriott accepts accounts with a minimum of 5,000 admissions per year, and/or 150 beds, Dorfman says, although he notes that "beds are really a meaningless number. It's like a hotel: You may have 400 rooms, but if only 10 people are sleeping there, who cares how many rooms there are?"

LAUREL/BELTSVILLE. One of the self-operated acute-care facilities taken over by Marriott is the Greater Laurel/Beltsville Hospital in Prince Georges County, MD. The 236-bed facility offered a simple frozen-food, convenience-type menu before Marriott was hired two years ago. The kitchen staff now makes all its own entrees and bakes its own cakes.

The hospital feeds 125 patients three meals a day, as well as 500 visitors a day, in its 95-seat main floor cafeteria. Menus there and for patients are rotated weekly and classified according to type of diet (calorie-controlled, low-sodium, regular). Entrees include baked flounder supreme, vegetarian lasagna, top round beef au jus, and baked cornish hen. There is also a 20-item salad bar. New menu additions include submarine sandwiches with various meat fillings. Sodium levels and calorie content are noted on the bottoms of the menus. The cafeteria records sales of about $2,800 a week on average per-person checks of $2. It does not, however, do better than break even, says foodservice director Bonnie Irvin.

"Because we are feeding people who are ill, we have to be especially careful that we practice the best cleaning techniques we can," Irvin says. "I think we are looked at almost under a microscope, as far as my staff is concerned."

NECESSARY OPTIONS. Dorfman feels foodservice "is one of the few things a patient can relate to in a hospital. Visitors have a lot to say about it also. They want the patients to have a choice." Marriott offers four types of patient menus to its accounts: standard, selective, restaurant-style, and room service. The restaurant menu, for example, is more upscale, with gourmet dishes that fall within parameters set by the physician. Acutely ill patients would not necessarily have that option.

Marriott is also expanding its Stork Club: Special candlelit, white-tablecloth dinners for new parents featuring dishes like filet mignon, lobster tail, shrimp, and scallops. "We're trying to get the parents out of the room," Dorfman says. "We try to use a small area inside the hospital to set up as a dining room; the ambience is much nicer than having it in a patient room."

PHOTOGRAPH BY ALEX SHEPHARD/BLACK STAR

Robert M. Dorfman, senior v.p., Health Care and Canadian division.

The additional overall service also means that nurses—whose numbers have fallen critically short in recent years—can spend less time serving food.

Marriott also offers community outreach programs and clinical programs on weight loss and management, as well as nutritional counseling. And there is a Meals on Wheels program, which delivers meals to outpatients, and a corporate health-care program, "to help the hospital gain more community public relations," Dorfman adds.

CANADIAN EXPERIMENT. "One of the things we're looking into in the next year or two is how international operations fit into FSM in general," Dorfman says. "We're using Canada as a test vehicle to determine how quickly we might make our next steps into international opportunities. When they reorganized after the Saga merger, management believed that each of the core businesses—education, health care, and business feeding—should have a business attached to it that represented a growth opportunity, an adjacent business that each business head would run.

"We've identified health care to be the predominant growth vehicle in Canada," he says, "which is a bit behind the times in terms of where the U.S. is." Each of FSM's divisions operates in Canada. Together, they tally sales of $50 million (U.S.) per year.

Dorfman says Marriott is already the largest provider of contract service to higher education in Canada, but that "we're still learning how to penetrate the business feeding market." Facilities Management is scheduled to open its first Canadian accounts this year.

The first new international market will likely be the Far East, Dorfman says, through Health Care. Europe is also tagged for expansion in the near future.

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Education Services

GEARING UP FOR THE 1990s

THE DELICATESS

George Washington University: multi-concept foodservice.

Contract foodservice at this nation's colleges and primary and secondary schools is poised for major growth as the "echo baby boom" nears.

While contractors seeking to tap the college market are being increasingly well received by college directors (who view them as an added incentive to potential students), they must also put aside the once-held belief that students represent a captive audience.

They must also begin to offer students services that were until now unavailable in order to maximize market penetration. Although the children of the baby boomers will be entering their college years in the next decade, the market now is competitive.

"It's a lot tougher for colleges today than it used to be, because the number of students has declined," says Garry C. Knox, senior vice president, Education Services. "Right now, colleges are competing for a limited student pool. A lot of campuses need to look at ways to cut costs, and ways to attract more students. And I think foodservice is one way of doing that. I think we can provide marketing opportunities for campuses because we're marketing our business all the time. That's one of the things we can do today—help colleges attract students."

Attract them Marriott does: 400 of the division's 570 accounts are in colleges and universities across all 50 states. In total, Marriott feeds 800,000 college students every day. Annual sales from those accounts alone total $450 million a year. The division, including primary and secondary schools, is expected to increase sales by more than 12% this year.

TARGETING 1992. Knox, who spent 21 years in education foodservice with Saga before the merger, says that while there is plenty of room for growth among institutions of higher education, it won't come before 1992. "The mid-'60s through the mid-'70s was a period of rapid growth in the educational sector; interestingly, that's the stage health care is actually going through now. In the '80s, education has been growing, but not rapidly. Penetration of the marketplace by all contractors is still just one-tenth of 1%. There are about 3,300 colleges in the U.S. One-tenth of 1% is 33 accounts on the average over the last six or seven years that have gone to contractors."

But demographics show that beginning in 1992, Knox says, the children of the baby boomers will begin to show up on campuses en masse, fueling growth once more.

To meet the increasing demands on higher-education foodservice, Knox has designed a host of new and unique programs for resident and nonresident students, who today brandish more discretionary income then ever before, and who are also more easily bored than ever before. In addition to traditional cash discount, declining balance, and credit card programs for on-campus students, other new alternatives are being offered to them as well as to nonresident students.

BATTLING BOREDOM. "Students are out there looking," says Robert G. King, senior foodservice director for Marriott at George Washington University in Washington, DC. "They're pretty smart consumers today.

They're aware of what's going on. And they're pretty forthright; they'll let you know what they don't like." Focus groups are used on both individual account and corporate levels to find out what students want.

"The important thing is to find out what they want and give it to them," says Knox, "because if you don't, someone else will. You've got to keep up with the level of sophistication in today's consumers, which is higher than it was in the '60s and '70s because everybody's grown up with fast food. So it's important to make sure we're doing focus groups on campus to determine who that customer is and what he wants. One of the things we thought we could do a couple of years ago was regionalize our menus—make sure the South got grits, and the East Coast had fish. But we learned that our customer may not necessarily be from that area. There are a lot of schools where students come from other states. And today, of course, we're getting a lot of foreign students, especially on the West Coast. That's how you market: making sure you know who the customer is, first of all, and then developing programs to satisfy him."

The six food operations King runs offer all types of dining. Of particular interest is the university's Grand Marketplace, a mall-style collection of concepts including deli, Mexican, salad, and dessert areas. There are also four resident dining halls: 1900 F Street, offering gourmet burgers and a salad bar; Colonial Commons, with steak and special theme dinners; the Courtyard Cafe, an à la carte concept featuring deli and griddle items, pizza, snacks, and gourmet salads; and the soon-to-open Panino Villa, an Italian sandwich shop. In all, Marriott foodservice operations at the university recorded sales of about $6.7 million last year, up 8% to 10%, according to King.

"We put a lot of emphasis on selling our programs," says King, including mailers and brochures. He says he has had success with his Colonial Cash Card, which requires no out-of-pocket expenditures by students. "And if you lose it, we turn it off and safeguard your account. Students also told us they wanted more flexibility; they wanted to give it to a friend to use. So we took the photos off to make them transferable."

PHOTOGRAPHY BY REX RICHARD/BLACK STAR

Garry Knox,
senior v.p.,
Education Services.

Knox's standing policy is to employ as many students as possible, for two reasons: to have a potential source of longterm new labor, and to dispel negative conceptions that other students have about the food operations.

JW'S. Another way to build existing accounts is by offering new services unrelated to foodservice. JW's is Marriott's on-campus convenience store concept, offering packaged food, video rentals, and other services to students. While JW's is not new (50 units are already in operation), it is now viewed as an expansion concept. Another 25 are due to open in time for next fall's semester. Marriott is also thinking of introducing freestanding stores to service students, as well as "personal care" services like laundry, valet, and shoe repair. "We would make it part of the convenience store," says Knox.

As for primary and secondary schools, Knox notes that this subsegment is being penetrated by contractors three times more quickly than higher education. "The states are more amenable now to contracted foodservice," he explains. "And in many cases, school boards, not principals or superintendents, decide on contractors.

"While you can't do a whole lot in primary schools because there's a required lunch you have to give students, in secondary schools...we keep students on the campus. They're not leaving the high schools at lunchtime, which is what the superintendents and the principals want."

Marriott's 170 primary and secondary school accounts recorded sales of about $100 million last year, Knox says.

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In-Flite/Host International Divisions

A PERIOD OF ADAPTATION

Marriott in-flight: reflecting airline industry changes.

The tumultuous changes that have shaken the airline industry in recent years have left in-flight and airport terminal contract feeders scrambling to catch up.

"The airline industry is still confused," says Daniel J. Altobello, executive vice president of Marriott's In-Flite and Host International divisions. "Since the period of deregulation began in 1978, In-Flite has changed the same way the airlines have changed. People have gone from making point-to-point trips to making stop trips through various hub cities." The resultant changes have been manifold.

TURNING TO HUBS. "Hub concentration has seen several key airports, like those in Salt Lake City and Kansas City, grow tremendously in the volume of catering over what they had in pre-hub days," Altobello says. Many in-flight meals have been downgraded to snacks, which are less expensive. Cost per meal can now range from $1.25 for a snack aboard a short flight to $30 or $40 for a first-class meal on a long flight. Snacks are also easier to prepare and quicker to serve and eat on the typically shorter flights.

The additional time that passengers now spend in airport terminals has meant an increase in Host sales. Deregulation has also led to lower fares, which have increased the number of passengers but forced contractors to tighten costs. It has also meant adding multiple kitchens at several locations, such as four at New York's J.F.K. International and two at LaGuardia; four in Miami; and two each in Atlanta, Los Angeles, and San Francisco.

ON BOARD. Altobello dismisses the traditional consumer dissatisfaction with airline food in general by pointing out that "comparing airline catering and food in restaurants is an invalid comparison. In a restaurant, patrons and the kitchen are within a few feet of each other. Errors can be corrected. The product is tailor-made for the individual. In our case, we're preparing product hours in advance of the service. It's boarded into an environment that's pretty unnatural, because it's a very dry environment on an airplane. Then you're turning flight attendants—people fundamentally there to provide safety and passenger comfort—into waiters. And you've got extremely confined space; the diner has only a few inches in which to eat. Yes, it's got to be improved, but it's not as bad as everyone thinks."

Marriott In-Flite serves 135 million meals a year on 150 airlines from 95 flight kitchens worldwide. The Host division operates food, beverage, and merchandise facilities in more than 50 airports. Altobello would not supply sales figures. Total industry in-flight sales total $1.4 billion a year, he adds.

Menu development, he says, comes primarily from the airlines themselves, although Marriott has had its executive chefs work in concert with some clients. While he calls in-flight food "not especially trendy," Altobello nonetheless says the industry has followed suit with lighter, healthier items—"less meat and potatoes, more fruit and seafood plates than regular items. Pasta is also a good dish on an airplane." The company does its own menu research for its Host locations.

The year ahead will see new In-Flite kitchens opening in Portland, OR (this month), and Phoenix, AZ. "Portland is our number one objective," Altobello says. After that, In-Flite will expand operations in England and "look to the Far East. We'll continue to have a strong presence in South America, where we have five cities, and we're in nine cities in Latin America."

Marriott's Host division, headquartered in Santa Monica, CA, "is really two businesses," Altobello says. "There are the restaurants, bars, snack bars, food courts, and other food outlets, and then there's the merchandise business: gift shops, newsstands, and specialty boutiques."

FRESH EXPRESS. Expansion of the Host concept will take place in the U.S. only, and it will follow a simple strategy: "Compete vigorously for every airport lease that expires and contain and renew as many as we currently have when they expire," reports Altobello.

Recently, the division offered to sublet 30% of its facilities at San Francisco International Airport in order to keep its $30-million-a-year account there.

Host's versatile new Fresh Express concept is an attempt to "emphasize the freshness of our product," says Altobello. "Production is right where service is, so a person sees it being prepared and says, 'Oh, it's not another wrapped sandwich, it's got to be fresher.'"

"We put the kitchen on display at Fresh Express to show our chefs at work with the best ingredients," says Kenneth Smith, Host's vice president of planning and business development. "And we revitalized our menu with such items as made-to-order salads, just-squeezed juices, pizzas, pastas with gourmet sauces, and freshly baked desserts."

Fresh Express can be designed as a full restaurant, at larger airports, and as mobile or fixed stands built into lounges and bars at smaller ones.

The concept was tested in San Francisco, Honolulu, Seattle, and Las Vegas early last year. Another is scheduled for Newark, NJ, early this year. "Our ongoing employee training programs are designed to encourage a strong commitment to quality service as well as quality foods," Smith adds.

ON THE ROAD. Marriott's Travel Plaza/Hot Shoppes division is headed by executive vice president and general manager Steven R. Leipsner. Marriott operates 100 Travel Plazas, rest stops along the nation's toll roads that feature, in various combinations, fast-food restaurants (including Roy Rogers, Popeyes, Burger King, and Dairy Queen), Sbarro Italian restaurants, coffee shops, gift shops, and vending.

Leipsner says toll-road business has been bolstered by the declining dollar and a reluctance to travel abroad due to terrorism. The division's goal is to "learn how to get more frequency out of the user, to use us rather than going off the road to eat. We've reached the end of external growth. From here on in, growth will be internal."

Much like Knox in the Education division, Leipsner has learned that the properties could not continue to operate under the assumption that its customers were a captive audience, as had been done when the Travel Plazas were part of the contract division (they now fall under the Restaurants division banner).

Daniel J. Altobello, exec. v.p.

"I wanted to bring them into the freestanding restaurant concept. It's not a captive-audience business. We've got to make these facilities destination places, or at least able to compete with 'off-ramp places.'" Fast-food combination units no longer bear the Marriott name, he says, "because it's generally brand recognition we're looking for." Leipsner says the great majority of toll roads in the U.S. lie in the East. He plans to open another 20 to 25 Travel Plazas during 1988, and keep unit expansion at 20% per year.

Marriott has also converted its Bob's Big Boy and Howard Johnson coffee shops to HJ's units. The full-service units are open 24 hours, feature a breakfast bar, seat 175, and have a check average under $10.

Marriott began decades ago as a Hot Shoppe. Its once expanding chain of Hot Shoppe restaurants has waned, however, and the company now operates only 16 units: 11 cafeterias and five full-service restaurants, all in the Washington, DC, market. "The market has changed," Leipsner says. "Between the coffee-shop segment and fast food taking the country by storm, it was not one of the concepts conceived as a growth vehicle."

MARKET SEGMENT REPORT

BREAKFAST

Although no longer showing the same momentum, this market still holds great potential.

BY JAMES SCARPA

The breakfast bull market is over. "After several years of dramatic growth, the breakfast market fell flat in 1986, posting a 1.9% decline in total customer counts," said Jim Peterson, vice president of the Washington, DC-based National Restaurant Association, at a press conference revealing the NRA's 1988 annual economic forecast.

Until recently, breakfast was gathering momentum. For the years 1983 to 1985, it was the daypart with the fastest growth in consumer demand, according to a CREST Report of Park Ridge, IL-based NPD Research. In 1985, the breakfast market expanded by 20%.

PLENTY OF POTENTIAL. At present, breakfast is the least developed of the main meals at commercial restaurants, according to a report by the Chicago, IL-based International Foodservice Manufacturers Association (IFMA). Breakfast accounts for the lowest share of customer traffic, 13%. In addition, foodservice accounts for only 5%

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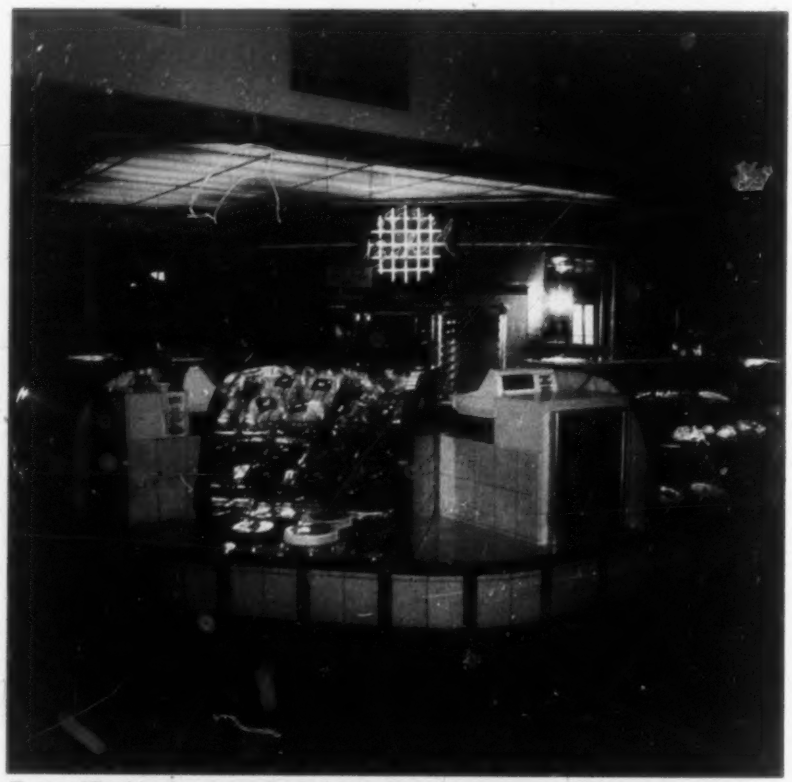
A morning menu idea from RB's Test Kitchen. (See page 220 for recipes.)

PHOTOGRAPHY BY DON KUSHNICK



Tests of Perkins' on-premise bakeries have been encouraging.

Perkins' Premium Omelettes are aimed at lunch and dinner sales as well.

MARKET SEGMENT REPORT

BREAKFAST

of breakfast eating opportunities.

Why the downturn? The IFMA report suggests several factors. It cites a shortage of units offering breakfast, insufficient marketing of the daypart, and the failure of existing breakfast products and services to meet consumer needs.

Despite the declines, the breakfast daypart is still a significant opportunity for operators, IFMA states. It has proven highly responsive to marketing. However, in the midst of the breakfast rise, many chain marketers turned their resources to their primary products and meal occasions, resulting in a sharp drop in demand for restaurant breakfasts.

"I wouldn't disagree with the industry pundits," says Scott Diamond, co-owner of the two Dozens upscale breakfast-only restaurants in Denver. "Whatever the figures, there are sure an awful lot of people who want to carve up the breakfast pie, especially in this town."

On the other hand, Steve Pettise, vice president of marketing for North Hollywood, CA-based International House of Pancakes (IHOP), does not buy all the gloomy portents about the breakfast daypart. "Business may be more difficult to get," he says. "And in general it is spotty on a market-by-market basis. But I feel that breakfast will continue to grow on a long-term basis."

BRIGHT SPOTS. Of course, there were bright spots in the bearish daypart. Takeout, for example. "It's a virtual certainty that drive-thru service is helping to expand quick-service restaurant breakfast business," says George Rice, president of GDR/CREST Enterprises Inc.

"Takeout seems to be a prime opportunity for restaurants in the breakfast market," said Peterson in his NRA ad-

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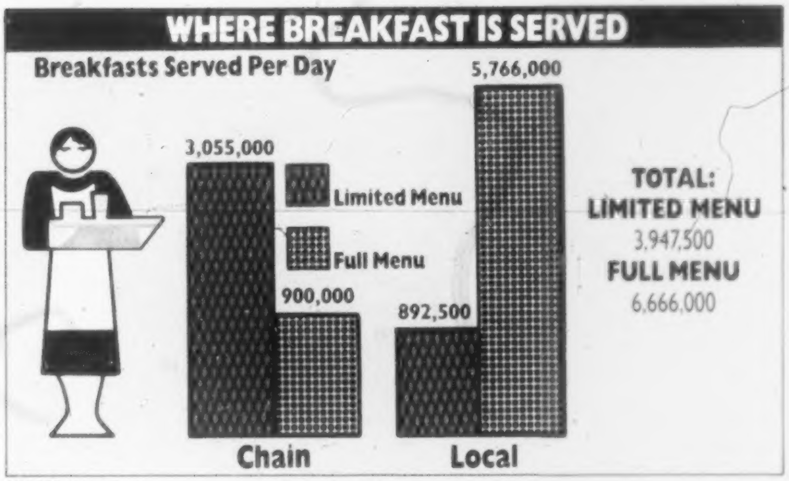
MARKET SEGMENT REPORT

BREAKFAST

Research indicates that more than 20 breakfasts are consumed at home for every one eaten in a restaurant.



SOURCE: Market Score

dress. "NPD research indicates that more than 20 breakfasts are consumed at home for every one that is eaten at a restaurant. So it is not surprising that takeout provided the only source of positive growth for the morning daypart."

Portability is a major factor in takeout growth. Breakfast sandwiches led the field in popularity, up more than a million individual units, according to CREST. Non-portable dishes with eggs, bacon, and sausage were among the losers, as was coffee. (See chart on page 204.)

Another breakfast bright spot was the retail category. Convenience store sales and traffic were up 20%, according to Rice. A number of fast-food operators voiced concern about the increasing threat of c-store competition.

FAST FARE FAIR. This was another year without a groundbreaking new menu item. Many companies marketed breakfast sandwiches utilizing customary breakfast foods wrapped in english muffins, biscuits, croissants, and even bagels, but no new item of an Egg McMuffin magnitude appeared.

The hamburger subcategory of quick-service restaurants continued to expand breakfast in 1986, but at a slower rate than in the past. According to Rice, it had about 2% average growth over four quarters.

Breakfast at the 3,800-unit Wendy's hamburger chain is "not on the front burner at present," says director of communications Denny Lynch. Priorities in 1988 for the troubled Dublin, OH-based burger giant "will be burgers and the SuperBar," he says.

The SuperBar, a hot and cold buffet, including pastas, salads, baked potatoes, and Mexican foods, increased average store sales 15% in a 300-unit test. In a few units, the SuperBar is being tested on weekends as a breakfast buffet, Lynch says. Among the dishes offered are scrambled eggs, breakfast meats, pancakes, biscuits, home fries, granola, and cinnamon rolls.

Nevertheless, Wendy's also says that an optional line of breakfast biscuits is being offered to its franchisees. After seeing McDonald's, Burger King, and the other burger players get a head start, Wendy's will finally have a signature portable item to merchandise in the grueling breakfast competition.

For some time, though, Chicago-area Wendy's have been offering a "Fast Break Breakfast," which includes egg, cheese, sausage, and bacon biscuits at $1.59 and $1.69.

Breakfast sounds a more positive note at Hardee's, the country's number-four burger chain. "We feel we're the leader in breakfast," says Jerry Singer, director of public relations for the 2,900-unit, Rocky Mount, NC-based company. "Our breakfast percentage is the highest in the fast-food business, in the 30s," he claims.

Hardee's California Raisins promotion during October "doubled or tripled breakfast volume in some markets," says Singer. Customers could purchase one of four California Raisin fig-

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urines each week for 99¢ plus a required breakfast purchase.

BISCUITS BIG. Biscuits are big business at Hardee's. The company's trademarked biscuit selection is anchored by the buttermilk Rise and Shine biscuits and the glazed Cinnamon N' Raisin biscuit. Hardee's also has four biscuit sandwiches, led in popularity by the Canadian Sunrise biscuit, which contains egg, bacon, and Canadian bacon. Other biscuits sold are made with egg and sausage, ham, or steak.

"The success or failure of our breakfast depends on the biscuits," says Singer. "We emphasize training crew members to make them." In fact, two of Hardee's large franchisees, Spartan Food Systems of Spartanburg, SC, and Franchise Enterprises Inc., of Rocky Mount, NC, conduct bake-offs for the title of top biscuit cook.

Bagels are the news from 5,200-unit Miami, FL-based Burger King. Bagel sandwiches of egg and cheese with either ham, sausage, or bacon, and a simple bagel with cream cheese are the new additions to the chain's breakfast menu, anchored by the Croissan'wich croissant breakfast sandwich line.

SANDWICH BREAD VARIETY. Jack in the Box, the 900-unit fast feeder operated and franchised by San Diego, CA-based Foodmaker Inc., may reach for incremental breakfast sales with a spinoff of a popular item in other dayparts. The Fajita Pita sandwich, rolled out in 1987 with initial sales of 11%, is the chain's most successful product introduction in company history, according to Charles Duddles, senior vice president. Now in test is a breakfast fajita sandwich, with scrambled eggs, beef, onions, and salsa, likely to be introduced in 1988.

Jack in the Box's breakfast program centers on its Crescent Breakfasts line of meat- and cheese-filled croissants. The company averages 10% to 15% of its business in breakfast. Breakfast sales over the past year are "stable to slightly declining," says vice president of product marketing Paul Hack. "Per-

QUAKER

Regular

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haps that's because we haven't supported it as much over the last year. But we ~~still~~ think breakfast is a real opportunity."

Breakfast at Charlotte, NC-based Bojangles Chicken & Biscuits is "usually in excess of 30% of sales, although it slid back a couple of points over the past year," says Tony Monzo, executive vice president of marketing. "We will probably go into a more concerted marketing effort aimed at recouping breakfast losses," he says.

Bojangles' major breakfast test last year was the "Bo to Go" breakfast combo. It featured a breakfast biscuit, bite-sized potato rounds, and coffee, all packaged in a spill-proof portable package at a slightly discounted $1.89. The company is "very excited" about Bo to Go for drive-thru customers, says Monzo. To make it feasible, the company must reduce a high packaging cost, he admits. Also in test is a biscuit with icing.

Breakfast presents decisions for the

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At the Hotel Inter-Continental Houston's Brasserie, a sit-down brunch includes a trip to the dessert bar.

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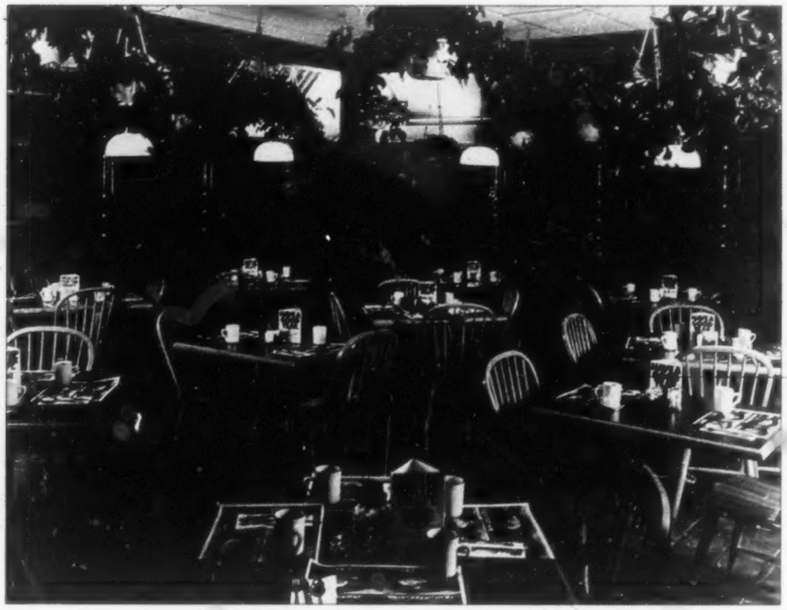
For information circle number 291

MARKET SEGMENT REPORT

BREAKFAST



For Minneapolis, MN-based Country Kitchen restaurants, breakfast accounts for 40% of sales.

COUNTRY KITCHEN MORNING SAMPLER

SKILLET BREAKFASTS	
Farm Skillet	$3.75
Double-Up Skillet	$3.75
Southern Skillet	$3.75
Skillet Scramble	$3.85
ANY TIME BREAKFASTS	
Best Pancakes	$3.50
Cakes and Eggs	$3.10
French Toast	$3.75
Hungry Man's Breakfast	$4.95
COUNTRY OMELETS	
Ham and Cheese	$4.10
Western	$3.95
Mushroom and Cheese	$3.75

75-unit Sisters Chicken & Biscuits, which was purchased from Wendy's in spring of 1987 by Westlake, OH-based Sis Corp., formerly a Sisters franchisee. "With our size, we have to decide whether to allocate our resources to establishing breakfast or our primary chicken business," says Bob Williams, director of marketing. Sisters does 11% of its sales in breakfast.

Sisters' 99¢ egg, cheese, and sausage or bacon biscuit sandwiches are a natural offshoot of the chicken-and-biscuit concept, says Williams. Nevertheless, the company is currently test marketing english muffin breakfast sandwiches as a potentially less crumbly carrier. With 60% of its breakfast sales generated from drive-thru, Sisters has a stake in making its breakfast sandwiches as easy to handle as possible.

Another chicken operator, 200-unit Lewisville, TX-based Grandy's, has a focus "that differs from mainline fast-food thinking," says Bob Lee, vice president of marketing. Although the company has drive-thrus and portable biscuit sandwiches, it prefers dine-in promotions. Last year's successful Breakfast Club traffic builder, which may be repeated, offered a Grandy's coffee mug for 99¢ to customers who purchased a standard breakfast plate. With that they could get 10¢ coffee refills in the mug "forever," says Lee. Customers also received a continuity card punched after each successive breakfast purchase, with the fifth breakfast free.

C-STORE SALES. Foodservice in convenience stores grew to more than $5 billion in 1986, according to the National Association of Convenience Stores, Alexandria, VA. Lured by the promise of higher gross profits from foodservice than retail groceries and gasoline, many c-store operators are seeking their slice of the meal-away-from-home market.

"I'm not sure c-stores have taken away share of breakfast from restaurants," says Bill Hale of The Hale Group, management consultants in Danvers, MA. "But they are expanding the distribution of breakfast."

Breakfast makes sense for c-stores. "They have good locations, first of all," says Tom Campbell of Plano, TX-based C-Store Concepts, consultants in c-store foodservice. "They have the morning traffic. They have more coffee business than do fast-food restau-

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rants. Plus, they have practically every product for the customer."

C-stores have long merchandised their own low-labor, quick-service take-out items, such as packaged sandwiches and microwaveable burritos. However, c-store foodservice suffers from a consumer perception of low quality.

JOINT VENTURES. Joint ventures with fast feeders are one solution for the image problem. Brand-name restaurant foods reflect highly on the c-store and bring in a share of profits. For their efforts, restaurant chains gain distribution with less expense than acquiring real estate entails.

Dallas, TX-based 7-Eleven, the industry's leading c-store chain, and the Hardee's hamburger chain have shelved indefinitely a joint-venture test of breakfast sandwiches and burgers. However, officials from both companies stressed that the decision was mutual and that they would not rule out future collaboration.

The joint test put scaled-down Hardee's fast-food operations inside several 7-Eleven stores in the St. Louis market. However, 7-Eleven ended the test because of retrenching strategy forced by the more than $4 billion debt accrued in parent Southland's leveraged buyout.

However, 8,200-unit 7-Eleven continues to merchandise its own sausage and egg biscuit sandwiches, mainly in West Coast stores, says spokesperson Don Cowan.

In a more positive joint venture, 7-Eleven is implementing Dunkin' Donuts products in East Coast stores and Winchell's Donuts in the West, says Cowan. The donuts are delivered fresh once or twice daily and merchandised from display cases.

Phoenix-based Circle K convenience stores, the 3,600-unit, number-two c-store player, considered several donut companies before linking up with Dunkin' Donuts in a joint venture.

Circle K expects by February 1988 to have approximately 500 units merchandising Dunkin' Donuts with spe-

QUAKER

Advise

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500

cially installed display cases and exterior signage, says Steve Schwitalla, senior vice president for foodservice. Donuts are delivered and pulled twice daily by the local Dunkin' Donuts franchisee. Each unit will serve 10 to 15 Circle Ks. Schwitalla anticipates 1,000 stores will be equipped by early summer. "The stores average sales of $50 to $100 per day in new business," he says. "People are buying the donuts by the dozen."

MAJOR PUSH. "I'm anticipating a good year in breakfast overall," says Schwitalla. Circle K marketing will continue promoting brand-name ingredients in prepared foods, such as the meats and cheese in its croissant, biscuit, and bun breakfast sandwiches. This year, there will be a major coffee sales push, utilizing two of the country's most popular consumer brands. "There's a great synergy between our coffee and donuts promotions," Schwitalla says.

"I would say that joint ventures will

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Breakfast-only concepts like Denver-based Le Peep place great emphasis on variety with a huge number of items.

Merchandise

Regular Flavor
INSTANT QUAKER OATMEAL
Maple & Brown Sugar
INSTANT QUAKER OATMEAL
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Life
Puffed Rice
Quaker Bran Flakes
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Quaker Sugar Toasted Flakes
Quaker Crispy Rice
CAP'N CRUNCH
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Quaker Corn Flakes

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For information circle number 293

MARKET SEGMENT REPORT

BREAKFAST

Hard
RISE AND
HOMEMADE

Biscuits are big business for Hardee's. Its most popular breakfast sandwich is the Canadian Sunrise.

not be the major trend in the c-store industry," says consultant Campbell. "Outside of the top 10 chains, you don't see much joint venture activity."

Joint ventures require splitting profits that the c-store operator can otherwise keep, Campbell says. A better option is to use "further-processed" foods. Ready-to-heat sandwiches or prefried donuts warmed and iced in the store require relatively little labor and equipment and are usually perceived as freshly made, he says.

The 59-unit Bowling Green, KY-based Jr. Food Stores c-store chain in Kentucky and Tennessee sells hot breakfast biscuit sandwiches in 22 of its 39 stores that have deli foodservice sections.

"We were looking for a low-labor, high-quality breakfast program," says Fred Barnett, head of foodservice marketing. "We were concerned about the labor shortage and the cost of remodeling equipment." Jr. Food uses precooked heat-and-serve bacon, sausage, country ham, and steak biscuits, which are heated in a convection oven and sold for $1.09 from a hot food merchandising case. "Breakfast as a whole accounts for 30% of our deli business," says Barnett.

FULL-SERVICE SEGMENTS. Breakfast lost ground in midscale and upscale restaurants in 1986, offsetting its growth in quick-service restaurants, according to CREST.

Midprice family-style restaurants are facing breakfast competition today from fast-food restaurants, convenience stores, and upscale breakfast-only concepts. Meanwhile, many of the chains that have pancake or coffee shop identities are now repositioning themselves to attract more dinner business.

Denny's, one of the leaders in breakfast promotion, is also trying to boost its dinner sales. But Denny's averages 20% of its sales in the breakfast daypart, so those promotions continue. Last summer, the 1,200-unit La Mirada, CA-based chain ran a weekday breakfast sale of eight discounted items, says Sue Henderson, vice president for advertising and promotion.

Building the dinner daypart is a priority for Minneapolis, MN-based Country Kitchen restaurants, a subsidiary of Carlson Companies. But the company will not forsake the daypart that brings in 40% of its sales to develop a "supper personality," says Allan Post,

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MARKET SEGMENT REPORT

BREAKFAST

Hardee's glazed Cinnamon N' Raisin biscuit is portable.

HAND-HELD A.M. FOODS WIN

Eatings (000's) at Breakfast and A.M. Snack
1986 vs. 1985
in an avg. 2-week period

GAINERS	
Breakfast Sandwich	+1137
Soft Drinks	+791
Donuts/Sweet Rolls	+640
Pancakes/Waffles/French Toast	+418
Cold Cereal	+131
LOSERS	
Coffee	-3072
Eggs	-1599
Tea	-621
Milk	-444
Bacon/Sausage	-255
Juice	-186

SOURCE: CREST

senior vice president of marketing.

So far, Country Kitchen has not announced any significant new rollouts to augment its popular Skillet Breakfasts introduced last year. However, it is running a January and February breakfast promotion entitled "$1.49 Takes the Cakes...Eggs and Bacon, Too," a discount-priced combination plate designed to be a cold-weather traffic-builder, says Post.

When it comes to packaging breakfast variations, few have been doing it longer or more successfully than North Hollywood, CA-based International House of Pancakes (IHOP). For more than 25 years and in over 450 units, IHOP has been a strong breakfast merchandiser.

PROMOTIONAL PENCHANT. Two IHOP promotions released last summer and continuing through 1988 illustrate the company's penchant for packaging pancakes with other breakfast fare. One, the Believe It or Nuts! breakfast, consists of a choice of two chocolate nut, banana nut, or pecan pancakes, along with two eggs and sausage or bacon, for about $2.49, depending on the market. Backed by imaginative creative ideas, media, and point-of-sale support, the promotion has raised breakfast business by as much as 15% in certain markets.

IHOP's Different Yolks for Different Folks promotion combines two eggs, two pieces of breakfast meat, hash browns, and choice of two pancakes or toast, priced from $1.99 to $2.79 in various markets. IHOP combos are a way of "mining the menu," says vice president of marketing Pettise. "They encourage the customer to try new items. Next time, hopefully he'll order from the menu."

Dayton, OH-based Ponderosa Inc. rolled out a company-wide breakfast buffet several years ago, but insufficient sales have caused it to be sharply scaled back. The former budget-steak house-turned-family restaurant currently offers the buffet in 100 of its 430 company-owned units and an indeterminate number of the 267 franchised Ponderosas, according to a spokesperson. Priced at $3.99, it includes the customary eggs and breakfast meats as well as biscuits, home fries, waffles, donuts, coffee cakes, fresh-baked muffins, and fruit.

"Breakfast is our heritage. We're not about to walk away from it," says Tom McNulty, director of marketing

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For more information on General Mills circle number 301 →

MARKET SEGMENT REPORT

BREAKFAST

services for Memphis, TN-based Perkins Family Restaurants, the revamped version of the old Perkins Pancake House. New to the Perkins repertoire of traditional omelets, egg platters, pancakes, and sandwiches are check-building Premium Omelettes that may appeal more to lunch and dinner appetites than breakfast. The line includes a Pizza omelet, a Seafood version with shrimp and snow crab, and an El Grande Mexican omelet with a flour tortilla and spicy pork, priced between $3.99 and $4.89.

PREMIUM SELLS. Premium Omelettes are served with pancakes or a fresh-baked muffin from Perkins' on-premise bakeries, which produce a variety of baked goods for both the menu and takeout. Buoyed by encouraging results in a year-long bakery test in 23 of the 113 company units, the company is offering the bakery to its 220 franchised stores, says McNulty.

Perkins' same-store sales increased 9.5% and its total revenues increased 34.7% for the first half of 1987 compared with the first half of 1986. Bakery sales, the menu revision, and a decor upgrade contributed significantly to the improved performance, McNulty said.

Bob Evans, the 180-unit, Columbus, OH-based family restaurant chain, has added four omelets to its line of "legendary breakfasts." New are bacon and cheese, ham and cheese, sausage and cheese, and a western omelet, all priced at $3.95. In a check-building move, the company has also introduced toppings for its hotcakes, french toast, and waffles, says Roger Williams, vice president of marketing. He hopes that customers will trade up from the customary stack of hotcakes with syrup, $1.50, to the deluxe blueberry- and strawberry-topped hotcakes with whipped topping, $2.60.

Po Folks, the 170-unit, Nashville, TN-based midscale family restaurant, is best known for its country-style catfish and fried chicken dinners. However, the chain became a breakfast player in spring 1987, seeking incremental sales to stem losses. By year's end, the

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IHOP MORNING MENU SAMPLER

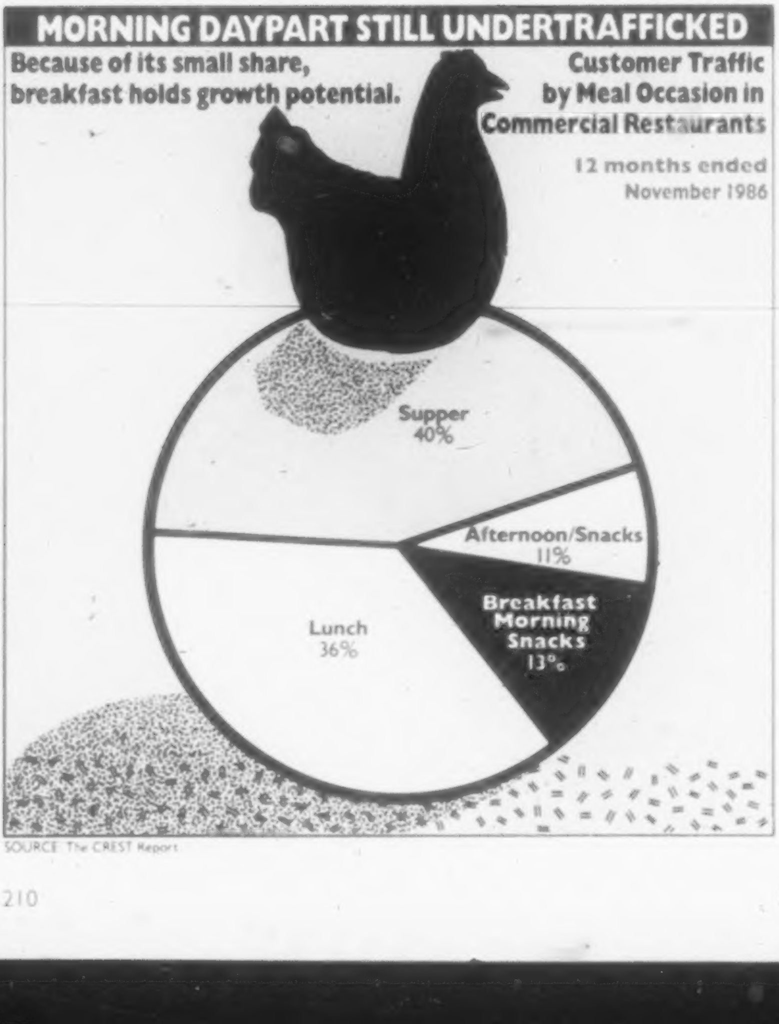
Buttermilk Pancakes	$2.69
Pancake Sandwich	$3.59
Blueberry Pancakes	$3.69
Pecan Pancakes	$3.69
Cheese Blintzes	$3.79
Intl. Passport Breakfast	$3.69
Egg Sandwich	$3.89
French Toast	$3.09
Intl. Omelet	$4.79
Seafood Omelet	$5.39
Eggs Benedict	$4.99
Golden Waffle	$2.59
Waffle Sandwich	$3.69
Two-Egg Breakfast	$3.89
Ham and Eggs	$4.09
Fruit Crepes	$3.79

IHOP's Believe It Or Nuts! promotion offers two nutty pancakes plus eggs and meat.

MARKET SEGMENT REPORT

BREAKFAST

Despite past growth, breakfast is the least developed of all restaurant meals, accounting for only 13% of traffic.



MORNING DAYPART STILL UNDERTRAFFICKED

Because of its small share, breakfast holds growth potential.

SOURCE The CREST Report

Country Morning Breakfast menu was rolled out in about 50% of units, according to Po Folks' marketing manager Mike McNeil.

Average breakfast checks are running $3.50, about $1 less than lunch and dinner, says McNeil. Featured are egg platters, omelets, and hotcakes, accompanied by home fries, grits, and the company's signature "biskets." Also menued are regional specialties served with eggs, such as Southern fried catfish, country fried steak, and a pork chop, each priced at $3.99.

"We don't want to be known for our breakfast," says McNeil. "We don't want it to cannibalize our lunch and dinner business. It's not as profitable a daypart."

The cafeteria segment has not traditionally been a breakfast player either. However, with the increased competition from salad bars and hot food buffets in other segments, cafeterias are searching more aggressively for incremental sales. Such is the case for the 118-unit, Dallas, TX-based Wyatt Cafeterias, which is testing a $2.99 breakfast in its high-volume Irving, TX, unit. Marketing director Debra Hand declined to elaborate on the tests, saying "this is very new territory for our company."

ONLY BREAKFAST. "It's very difficult to make your numbers work if you have a narrowly defined niche and a limited space," says consultant Bill Hale, voicing one side of the debate about upscale, breakfast-only restaurants.

Denver-based Le Peep, the leading upscale, breakfast-only restaurant chain with 43 units, is still in the red, but is undaunted and still looking into more expansion. The company has reduced its losses and increased revenues, however. For the nine months ended September 30, 1987, Le Peep reported a loss of $2.8 million, compared with a loss of $3.6 million for the same period in 1986. Revenues increased from $5.8 million to just under $10 million for the same period.

Chairman and CEO Allen J. Bernstein announced that the company had sold the rights to develop up to 199 franchised Le Peep restaurants throughout the country. Bernstein anticipates increasing bottom-line benefits from staff, overhead, and operating expense reductions.

Can breakfast-only restaurants achieve sufficient sales for return on

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MARKET SEGMENT REPORT

BREAKFAST

Weekend brunches, with their relatively high check averages, are a chance for staff to show off the staff's culinary talents.

The Washington Sheraton's Americus features a $19.95 buffet brunch that includes champagne.

investment? Yes, according to the experience of one of the oldest players. Sales volumes of the seven Omelette Parlors restaurants, located in California and Colorado, range from $600,000 to as much as $1 million with a check average of $5.25, says Jim Furry, president of Santa Monica, CA-based Grand American Fare Inc., operators of the 10-year-old concept. "We have a niche, and it's a winner," he says. The Omelette Parlors attract both business and occasion-oriented customers with their upscale decor and fun, offbeat menu. Sample selections include: "Schwarzenegger's Body Builder," a ham and Swiss omelet, $4.25; and the Gobbleberry sliced turkey sandwich, $3.75.

FIERCE COMPETITION. Competition is especially fierce for the small operator in Denver's flat economy, reports Scott Diamond, co-owner of the two Dozens upscale breakfast places. "You must bend over backwards to cut expenses and please customers," he says. The first Dozens, opened three years ago, does $500,000 in sales from 150 seats. The second, a year-old 50-seater, does only $250,000, but with a net "that can be very good," says Diamond.

Building the check average is one of the problems of the upscale breakfast segment, says Diamond. In order to boost its approximately $5 check, Dozens operates an in-house bakeshop which produces fresh-baked goods such as cinnamon rolls that are sold at a premium. It also promotes premium brand mimosas, bloody marys, and Ramos gin fizzes, most successfully on the weekends.

Breakfast is not a commonly exploited daypart in upscale restaurants. But the competition for incremental sales is leading more operators into weekend brunches based largely on breakfast foods.

BRUNCH A BUNCH. "When you start doing brunch, you open yourself up to lots of other competition," says executive chef Andy Revella of Dallas, TX-based S&A Restaurant Corp.'s 212-unit Bennigan's restaurants. "During the week, we compete with the fern bars. On Sundays, it's hotels with their lavish buffets. Right there we've quadrupled our competition."

Bennigan's serves a cooked-to-order "buffet brunch on a plate," says Revella. Variations on eggs Benedict and omelets are best sellers. Recent additions include a Philly steak Benedict

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BREAKFAST

Po Folks' breakfast checks average $3.50. The meal includes egg platters and its signature "biskets."

**PO FOLKS
MORNING SAMPLER**

Three-Egg Omelet	$2.29
Cheese Omelet	$2.69
Western Omelet	$3.79
PoFolks Omelet	$3.49
Country Fried Steak	$3.99
Pork Chop	$3.99
Catfish	$3.99
Fried Chicken	$3.79
Steak and Eggs	$4.99
Country Ham	$3.99
French Toast	$2.29
Pancakes	$2.49
Bisket and Gravy	$1.79
Little Folks Breakfast	99¢

and a Florentine Benedict with spinach. Sweet rolls and fresh fruit are included, with no main dish priced higher than $7.95.

Dick May is president of Kansas City, MO-based Gilbert/Robertson (G/R) Inc.'s 35-unit specialty restaurant division, which operates Fedora, Charley's, Bristol, Devon, and other cafe and bar and grill concepts. He reports that customer counts at Sunday brunch are growing, but not necessarily overall sales. "It's a tradeoff," he says. "People who come to brunch may be looking at it as an occasion that competes with weekend dinner."

G/R's brunches, which run $10.95 to $13.95, are keyed to regional tastes. For example, the Lt. Robert E. Lee riverboat restaurant in St. Louis offers a Dixieland Sunday buffet brunch that includes omelets made to order, seafood Creole, baked ham, and Southern items such as biscuits with country gravy, cheese grits, fried catfish, and hoppin' John (a traditional peas and rice dish). Designed for Northeastern tastes is the smoked salmon omelet at G/R's Cricket's restaurant in Boston's Faneuil Hall Marketplace, $6.75.

Down the hall at Gilbert/Robinson, Houlihan's president Fred Hipp reports that Sunday brunch customer counts have been slowly picking up. He feels that brunch will grow, but at a rate no faster than that of the whole meal-away-from-home market.

Houlihan's has been in the brunch business since 1972, Hipp says. Half of the company's 63 units offer full-service brunch, the other half offer a buffet, depending on local precedents. "If the hotels have set up the expectation that brunch is a buffet, then we have to follow," he says.

Like most brunches in this segment, Houlihan's is oriented towards breakfast, with the addition of carved ham or roast beef, averaging $7.95 to $8.95, depending on the geographic area.

The 192-unit, Irvine, CA-based El Torito Restaurants Inc. Mexican dinner-house group introduced the Mexican food brunch concept 25 years ago, says marketing director Tom Saiza. Featuring Mexican and American cuisines at $6.95 to $7.95, depending on the market, price/value is emphasized, especially in certain stores where kids eat for free. The brunch is also useful for testing new items, Saiza says.

In the luxury hotels and upscale restaurants, operators report that both

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For more information on Wisconsin Milk Marketing circle number 266 →

MARKET SEGMENT REPORT

BREAKFAST

In the retail category, c-store breakfast sales were up 20%. Joint ventures have proved profitable.

full-service brunches and buffet-style spreads have their advocates.

"People like to select their own portions. They like to serve themselves at their leisure," says food and beverage director Gary Sandstrom of the Sheraton Washington hotel. The Sheraton's Americus restaurant features a $19.95 buffet brunch, including champagne and a lavish pastry table.

In contrast, Houston's Hotel Inter-Continental's Brasserie Restaurant offers a "classic sit-down Sunday brunch," says food and beverage manager Thomas Fairbanks. "People want to be served. We want people to dine, not to eat—and the difference is service." This type of brunch also reflects a growing concern for eating in moderation, he says. Entrees priced from $11.50 to $15 also include an appetizer and a trip to the dessert table. Selections range from customary breakfast foods to a charbroiled mixed grill of beef, veal, lamb, and Nürnberger sausage. For $2.50 more, champagne or mimosas are included.

Sunday brunch at The 95th restaurant in Chicago, part of ARA Services' Fine Dining Division, is buffet-style. However, the dining room staff attends the tables, refolds napkins, and serves patrons on request, says regional vice president Christian De Vos. Selections from The 95th's seasonal American cooking menu include signature pâtés, terrines, and sausages, house-smoked fowl and seafood, and even house-cured olives. Also offered are fresh-baked goods, salads, caviars, omelets-to-order, carved meats, chafing dish entrees, and lavish desserts.

De Vos scoffs at the notion of precisely controlling buffet food costs. "You have to watch items like crab claws, caviar, and smoked salmon," he says. "It's good to have an attendant serve these items. But I believe when you do good work, the bottom line takes care of itself." Serving 300 covers on an average Sunday and many more on holiday weekends at $17.95 apiece, The 95th "is not losing any money on brunch," he says.

BAKESHOP CONCEPTS. Consumers who eschew a full breakfast may be tempted by specialty baked goods. Fresh-baked muffins, sweet rolls, and pastries are take-out items in demand for breakfast and morning snacks.

Into this niche the fast-growing specialty bakeshop concepts are advancing. The trend now is towards broader selections of baked goods, in contrast to the strict specialization of years past.

Even the Park City, UT-based Mrs. Fields, the dominant cookie chain with more than 400 stores, has more for breakfast than cookies and brownies. In downtown Chicago stores, the chain has introduced five varieties of Morning Muffins with the slogan, "Your morning fruit wrapped in a muffin."

The Chicago, IL-based All My Muffins company, which has units as far flung as Beverly Hills, CA, and Bloomingdale's in New York City, does 50% of its $250,000 to $400,000 volume in the morning, says vice president Paul

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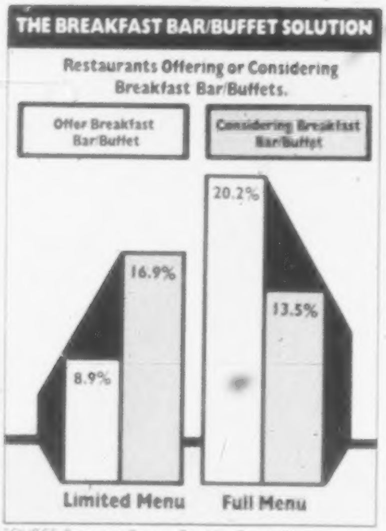

THE BREAKFAST BAR/BUFFET SOLUTION

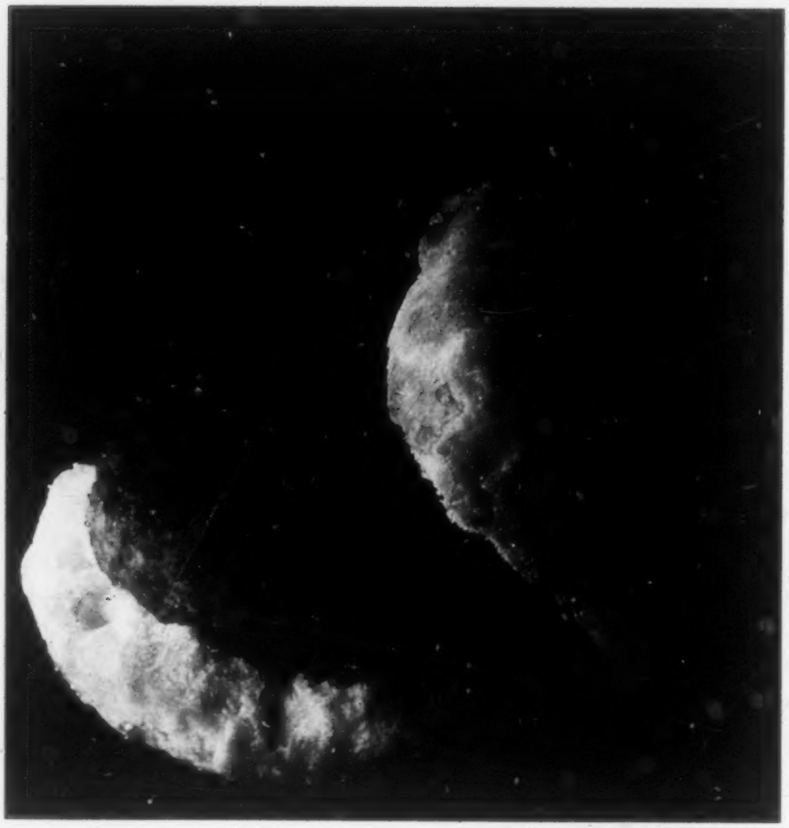
SOURCE: Restaurant Business Breakfast/Brunch Monitor

Morning buffets have service, sanitation, and cost challenges, but customers like them because of value and variety.

MARKET SEGMENT REPORT

BREAKFAST

Portable food items coupled with drive-thru and takeout are driving fast-food breakfast.



For the Sisters Chicken & Biscuits chain, 99¢ breakfast biscuit sandwiches are a natural.

Bernstein. The five-unit chain bakes 12 to 15 varieties daily from its repertoire of 250 different muffins. In addition, the company is also testing ham and cheese, turkey and cheese, and sausage and egg croissants as morning sales builders, Bernstein says.

T.J. Cinnamons Bakery, the Kansas City, MO-based market leader in cinnamon rolls with more than 120 units, continues to broaden its product line. In addition to the trademarked Original Gourmet Cinnamon Roll, it offers downsized Petite and Minni-Cinni cinnamon rolls, Cinnaloaf cinnamon-raisin bread, cinnamon pecan sticky buns, and raisin rolls.

"We compete more with croissant bakeries and such than restaurants," says president Kenneth Hill. "We don't see our morning business eroding. In our niche, we have business spread out in breakfast, morning snack, afternoon pick-me-up, and evening sales for the next day." The 10 company-owned stores in Kansas City do 22% of their business in the morning, he says. Three-quarters of all business is takeout.

Increasingly, busy executives and prominent people are regarding breakfast as a part of their working day. "Power breakfasting" in luxury hotels or fine restaurants offers them elegant atmospheres and distinctive menus for business meetings and entertainment.

State and city politicians, corporate execs, and newspaper and TV people are in the early crowd at La Tour restaurant in Chicago's Park Hyatt hotel, says general manager Wolfgang Triebnig. Weekday covers range from 40 to 70. Typical of power breakfasts, the menu is marked by upscale items and aggressive pricing. A sampling of menu items reveals fresh-squeezed orange juice, $3.25; poached eggs with corned beef hash, $7.50; lobster Benedict, $12.75; and a frittata of goat cheese and watercress, $8.50. "We also give you romantic ambience and a view of Chicago's historic Water Tower," says Triebnig. "It really adds to the experience."

Hopefully, restaurant operators will not be discouraged by the ups and downs of the breakfast market segment. There remains great potential for innovative menu items and promotions. The vast market of "brown baggers" and "breakfast skippers" promises great rewards if the restaurant industry can call them to breakfast.

IMMIGRATION LAW IMPACT

The Immigration Reform and Control Act threatens to be an administrative and enforcement headache for operators.

The bear is not only at the door, he's crashing through," says Mo Sussman, co-owner of Joe and Mo's in Washington, DC. The "bear" is the Immigration Reform and Control Act (IRCA). The most sweeping immigration reform in decades, IRCA requires employers to verify that all employees hired since Nov. 6, 1986, are legally authorized to work in the U.S.

Although passed more than a year ago, IRCA's full impact is now beginning to affect hospitality-industry operators. As of the end of December, the Immigration and Naturalization Service (INS) had issued 933 warning citations for violations of the law. Fifty-nine percent of those citations were issued to service-industry employers, of which the majority are most likely restaurants and hotels. So far, 18 employers have received fines—four of those were hospitality businesses. This seems an almost disproportionate emphasis on the hospitality industry, since, as reported in a study by the Dallas Federal Reserve Bank, restaurants and hotels together employ less than one-tenth of the illegal aliens in the U.S. (see chart).

This is just the beginning. Starting in 1988, INS audits begin in full force. According to the first annual Government Accounting Office (GAO) report on the implementation of the law, INS plans to allocate $60 million during 1988 to target about 20,000 employers for compliance—a sizable budget increase from 1987. In addition, Department of Labor (DOL) officials, who visit 60,000 employers annually to enforce labor laws, will inspect employers' I-9 forms.

However, it is not just the audits and the fines that have restaurateurs concerned. IRCA has turned much of the responsibility of regulating illegal aliens over to employers, and operators simply do not like the idea of "policing" their employees. "The hospitality industry is already a highly regulated industry," maintains Tom Rouland, executive vice president of the Restaurant Association of Metropolitan Washington, DC (RAMW). "Now, we have an added form of regulation, and are being asked to be law enforcers as well."

ENFORCEMENT UPDATE. To be "enforcers" of the law, employers must understand and abide by the various facets of the law. First, they must verify that each employee hired after Nov. 6, 1986, is legally entitled to work in the U.S., and has filled out an I-9 form attesting to that fact. The new law also includes anti-discrimination provisions for employers of four or more.

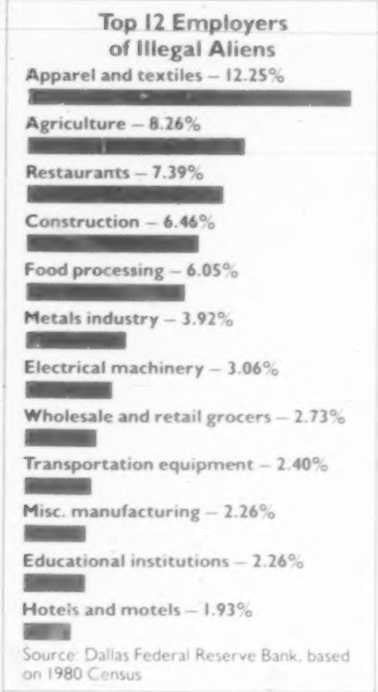
Fines are levied according to the severity and repetition of violations, and can range from $250 to $2,500 for each illegal alien for the first hiring infraction to $3,000 to $10,000 per alien for more than two prior violations. Failing to comply with verification requirements will result in fines between $100 and $1,000 for each invalid or incomplete I-9 form. The most severe penalty is levied only after INS has established a "pattern and practice" of violation—$3,000 for each illegal alien and a possible six-month prison sentence.

Realizing that employers may have a hard time completely understanding the complex regulations of the law, INS will phase in its employer sanctions program until June 1, 1988. To encourage voluntary compliance, INS will generally follow a three-step process before penalizing employees. The first step is an "information visit" to explain the law and answer employer questions. If on a subsequent visit an agent finds an employer is violating the law, a warning will be issued. Employers found in violation after these two steps are undertaken will be fined. After June 1, violators will not have the luxury of warnings—penalties will be levied automatically.

As of December, four hospitality-industry businesses had been fined after at least two warning citations. One of the largest was levied against a Quality Inn hotel owned by Manor Care Inc. of Silver Spring, MD, which was initially penalized $16,500 for employing 11 illegal aliens—$1,000 for each illegal alien allegedly hired after Nov. 6, 1986, and an additional $500 for each incomplete I-9 form. After filing a notice of appeal, Manor Care entered into negotiations with INS. As a result, INS dropped three charges of illegal employment, lowered the employment penalty to $750 for each remaining illegal alien, and decreased the paperwork charge to $5,000, reducing the total fine to $11,000.

Even so, Michael Maggio, of Maggio & Katter, a Washington, DC, immigration law firm, says it was unfortunate the company had not gone to trial, because an administrative judge might have lowered the fine even more. Maggio points out that the company had several valid defenses against the charges, including the injury of three employees arrested during the INS raid and the fact that all of those arrested had either already applied for legalization, had received work certificates, or were mar-

continued on page 294



Top 12 Employers of Illegal Aliens

Source: Dallas Federal Reserve Bank, based on 1980 Census

ried to legal residents of the country.

The penalty process can take months. For instance, Taco Cabana, a nine-unit Mexican fast-food chain based in San Antonio, TX, at press time was still waiting to hear whether or not it would be fined. In October, INS raided six of the company's restaurants, arresting 23 aliens and taking records of 693 other employees. Of the 23 arrested, only six had improper documentation. According to Patrick Thomas, in-house attorney for the firm, "The employees' documents appeared to be in order to us, but the government agents could tell they were falsified." Thomas suspects the INS may have been trying to make an example of the company.

Unfortunately, as a well-known restaurant in the area, our flag was higher on the pole than anyone else's," he says. Thomas stresses that the company has spent numerous hours learning and implementing the regulations. "The paperwork load has been incredible," says Thomas. "And, this year we have opened several new units, which has entailed processing about 1,300 applications in nine months."

Although the most direct effects of the law on restaurants are, of course, the paperwork burden and the imposition of fines and criminal penalties, a more insidious effect is now being felt by many operators—the difficulty of filling entry-level positions. "Many restaurants in our area are having problems hiring and retaining entry-level employees," says Tom Rouland, of the RAMW. "Two factors are causing this situation—high employment levels in the area and the immigration policy." Rouland believes the situation will only get worse. "The impact of cutting off the flow of workers has long-range implications. If we are having trouble hiring people for entry-level positions today, where are the chefs and managers of tomorrow going to come from?"

According to Virginia L. Thomas, labor relations attorney for the U.S. Chamber of Commerce, many restaurant and hotel operators around the country are worried about employment shortages. "The majority of employment shortage complaints received by the chamber have been from hospitality-industry owners," she says.

For Jennie Pourferdowsi, manager of the New Orleans Cafe in Washington, DC, that concern will soon be a reality: "Next year we are planning to expand and will need 50 to 60 new employees. I don't know what we are going to do."

Many restaurateurs resent the law's implication that if they paid higher wages they could easily find staff members. "The perception that restaurateurs want to hire illegal aliens to pay them below minimum-wage salaries is absurd," maintains Mo Sussman. "We want, as always, to hire Americans, but most Americans just don't want to be dishwashers." In fact, many restaurateurs in the Washington, DC, area are paying dishwashers around $7 an hour, far above the $3.35 federal minimum wage. "Right now you couldn't hire a dishwasher for $10 an hour," asserts Pourferdowsi.

"Even if we did raise entry-level salaries much higher," adds Sussman, "pretty soon we'd be charging $14 for something like a club sandwich."

Rather than blaming entry-level salaries for the lack of willing employees, some restaurateurs point to the welfare system as the problem. "Many welfare checks are higher than entry-level wages," notes Rouland. "That's a real disincentive for an entry-level job."

Concerned that today's employee shortage will turn into tomorrow's crisis, several Washington, DC, area restaurateurs have formed a coalition with other industry workers, such as construction workers, landscapers, and parking attendants, to fight for legislative reforms. Early in December the group met with Rep. Romano Mazzoli (D-KY), one of the sponsors of IRCA, to discuss possible solutions. One of the most feasible ideas is to develop a "Legal Immigration" bill that would raise the ceilings on the number of aliens allowed into the country. Along with raising the numbers, the legislation would separate family and work visas. Right now, family members, even if nonworking, are counted against total available visas. Sen. Edward Kennedy (D-MA) introduced such an idea in August. His S1611 would amend the Immigration and Nationality Act by increasing annual immigrant visas from 270,000 to 320,000 and separating the allocation for worker and family visas.

Although pleased that legislative efforts are underway, Rouland believes that more short-run solutions are needed now. "Legislative changes often take years to happen. What we need is immediate relief," he stresses.

According to David Nachtsheim, special assistant to the associate commissioner for enforcement, INS, some help may be on the way. Recognizing that some industries are having employment difficulties, INS may issue a technical change in early 1988 to loosen the verification requirements for teenagers. "We have had a lot of inquiries, particularly from restaurants, because they have had a tough time hiring workers," explains Nachtsheim. As of now, anyone over 16 years of age has to provide complete verification documents. If the regulation is loosened, teenagers under age 18 can use a school identification card or have their parents attest to their legal status. "This could be an important change for the hospitality industry," says Nachtsheim.

Until any technical or legislative changes become official, however, operators must deal with the law as it stands. Nachtsheim of the INS suggests that the best step an operator can take is to clearly explain hiring regulations when advertising or filling a position. "Because operators traditionally have high turnover," says Nachtsheim, "they need to establish a procedure for checking documents before hiring someone. The biggest problem employers face is to make a decision to hire someone, and then find out they don't have proper documents." ■

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MARKET SEGMENT REPORT/**ORIENTAL** PAGE 177

Restaurant Business

A BILL PUBLICATION

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THE CHANGING FACE OF CHI-CHI'S

HOW TO P.O.P.? PUT ON PROMOTIONS!

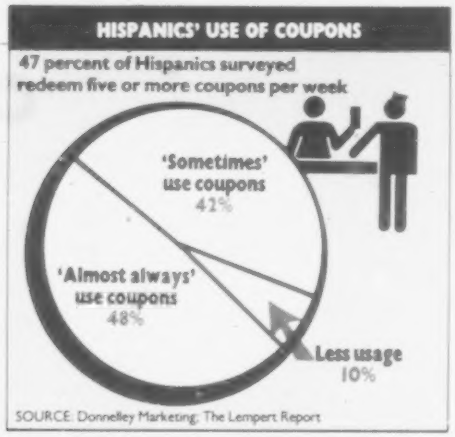
THE SEAFOOD WAVE/MENU IDEAS FROM THE RB TEST KITCHEN

LATELINE/NRA GEARS UP FOR TIP CREDIT BATTLE

BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

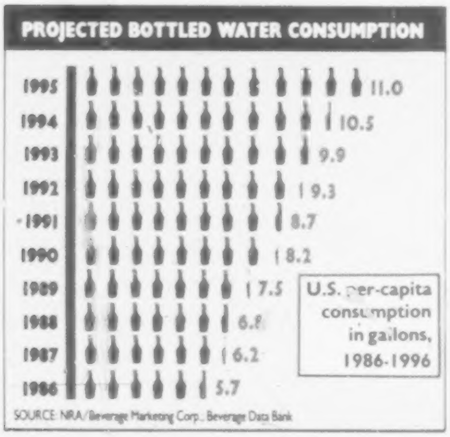
By Howard Riell


HISPANICS' USE OF COUPONS

SOURCE: Donnelley Marketing; The Lempert Report

Marketers Begin to Target Hispanics

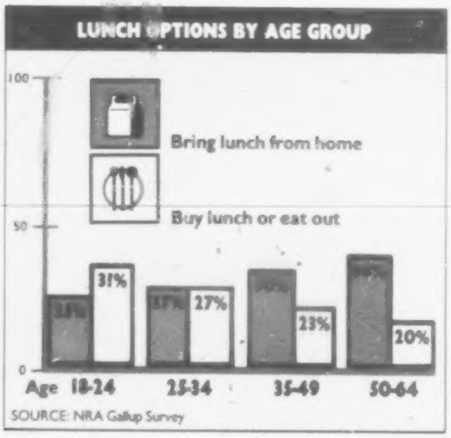
The numbers are pouring in, and it appears that niche marketing—targeting specific ethnic subcultures with ads and merchandising designed to appeal to their specific tastes—may soon come into its own. Several surveys indicate that the nation's Hispanic population (18.8 million as of last March—up 30% since 1980, and now about 7.5% of the total U.S. population) should be looked upon as a major growth market. One study shows that Hispanic families had a median income of $22,900 in 1987, up 15.1% from 1985 (median income for all Americans was about $32,800). Their use of coupons remains significant, and is expected to keep rising.


PROJECTED BOTTLED WATER CONSUMPTION

SOURCE: NRA/Beverage Marketing Corp., Beverage Data Bank

Sending A Trendy Message In A Bottle

It began with a media blitz in 1975, according to the National Restaurant Association, and has grown—and will continue to grow—into a major trend in foodservice. Bottled waters now show the most staggering growth of any tableservice restaurant beverage. The evolving move away from alcoholic beverages, together with an increased interest in health and some slick, upbeat advertising, have paved the way. The NRA reports that the number of restaurant patrons who order bottled water has quadrupled since 1980, and consumption has jumped 500%. More than 600 different labels are bottled in the U.S.


LUNCH OPTIONS BY AGE GROUP

SOURCE: NRA Gallup Survey

Who's Bagging, and Who's Buying, Lunch

A Gallup Survey, commissioned and reported by the NRA, profiled lunchtime eating habits for working consumers. In addition to the numbers at left, Gallup found that in the average work week, lunches for daytime workers break down as follows: 35% brought from home; 35% purchased or eaten out; 15% eaten at home. Fourteen percent skipped the meal entirely. Not suprisingly, workers with a college education and incomes of $30,000 or more tend to buy lunch out more than those with less than a high school diploma or with low to moderate incomes. But most workers won't go far. They report that they have just 30 to 45 minutes to eat.

CHARTS DESIGNED BY SHARIFAN

Restaurant Business

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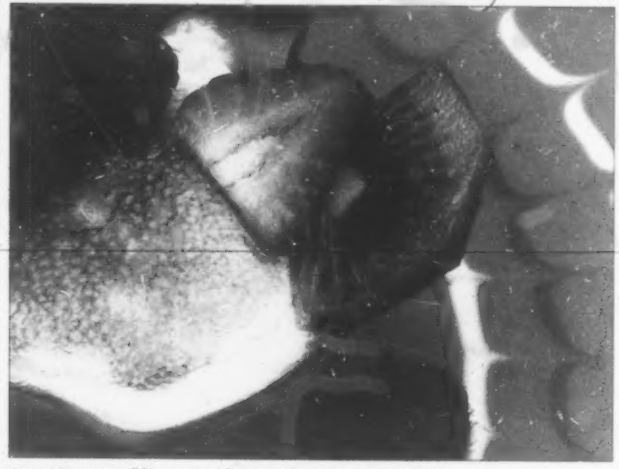

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Cover photograph of Hal Smith
by Todd Buchanan/Black Star

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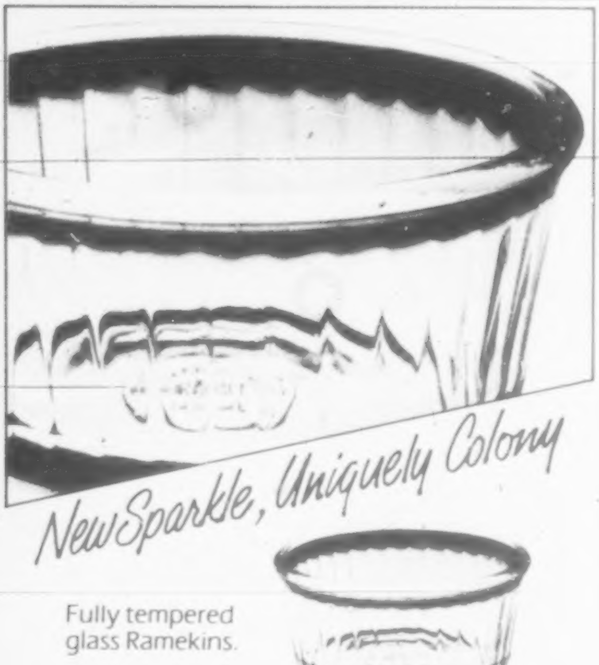

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EL POLLO LOCO
the original mexican

CATWOMAN TURNS CHICKENWOMAN
Actress Julie Newmar, best known for her portrayal of the arch-villainess Catwoman on TV's Batman *series, dishes out El Pollo Loco charbroiled chicken to needy people at Los Angeles' First Baptist Church. The event was part of a program that operates among 17 area churches.*

Dennis MacNeil will hold court.

Each class also includes a mini-workshop conducted by such industry personalities as Sirio Maccione, Kenji Seki, Alex Von Bidder, and Walter Weiss.

The class, to be held Tuesdays from 2:30 to 5 p.m. through May 3, costs $345. Discounts are available to restaurants and hotels sending multiple participants. For registration and information contact the New York Professional Service School, at 212-439-1714, or Karen MacNeil, at 212-864-5598.

LEVY HELPS DISNEY TARGET ADULTS ON PLEASURE ISLAND

The opening of Levy Restaurants' Portobello Yacht Club and The Fireworks Factory restaurants at Disney World's Pleasure Island nighttime entertainment complex next fall will enable Disney to get a bead on the adult market for the first time.

Levy has signed a 20-year lease with Orlando-based Disney to operate the restaurants, which should generate combined year-end sales of $20 million, according to chairman Larry Levy. Each restaurant is expected to serve about 2,000 meals a day. The Chicago-based restaurant company is investing $5.5 million to develop and operate the restaurants.

The Levy Organization, with annual sales of $60 million from its 25 restaurants in the U.S. promises to be innovative with the new concepts. According to Levy, each will serve lunch and dinner and offer customers a dining experience inspired by the Disney tale of Merriweather Adam Pleasure, a mythological sailmaking entrepreneur whose business and personal adventure created the legendary Pleasure Island.

Set in Merriweather's former home, Portobello Yacht Club will highlight Pleasure's love of sailing, as well as his wife's Italian heritage. The 340-seat restaurant, with a check average of $20, will feature a Northern Italian menu that includes authentic wood-burning oven-baked pizzas, homemade pastas, fresh seafood, and such desserts as chocolate and pistachio cannoli.

The 10,000-sq.-ft. restaurant will boast an interior landscape recalling a sunny day on the Italian Riviera, combining high gables and beamed ceilings with marine colors and terra-cotta tiles. Decor will include sailboat models, photographs, navigational charts, and yachting pennants.

Designed by Levy architect Joe Meisel, Portobello Yacht Club will also boast an outdoor terrace evoking the mood of an elegant cruise ship. The bar will be outfitted with mahogany deck paneling with brass and chrome fixtures, and will serve as a showcase for fresh fruit, dessert specials, and wine. Beyond the bar will be a display kitchen.

Architect Meisel is also designing The Fireworks Factory, a 320-seat barbecue-theme restaurant set in the very building where the mythical Pleasure's fireworks were once manufactured.

The two-level restaurant will showcase several all-you-can-eat entrees, including four kinds of barbecued ribs (spare, baby back, beef, and veal) and Southern fried chicken.

Also on the menu will be barbecued chicken, homemade cornbread, and "Dynamite Chocolate Cake."

Check averages will be about $18 per person.

HORN & HARDART LBO STILL HANGS IN POST-CRASH LIMBO

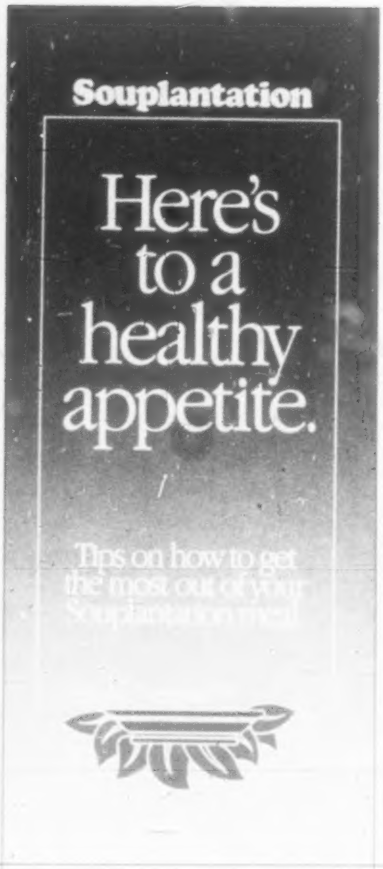
At press time there was still no word on the planned leveraged buyout of Horn & Hardart that was scotched by the stock market crash of Black Monday, October 19.

Senior vice president Norman Sylvester refused to comment beyond a rereading of a public statement first issued on October 21, in which the company announced that "at the time of the broad market decline, the company was engaged in discussions in which certain persons, including certain management members," had offered to take the company private. "In light of uncertainties of financial markets with respect to financing any such offer," the statement concluded, "it is unlikely that the discussion will result in an offer at this time." The company's stock had been selling at the $12 to $13 per-share range at the time of the crash. The company repurchased about 12% of its stock soon afterward.

Sylvester would neither confirm nor deny whether those "certain management members" were headed by chairman and chief executive Barry W. Florescue. Florescue refused to comment on the issue.

CORRECTION

In the Market Segment Report on hamburgers, which ran in the Jan. 1, 1988, issue, the number of McDonald's units was incorrectly reported. McDonald's had approximately 9,800 units as of year-end 1987.


Souplantation
Here's to a healthy appetite.
Tips on how to get the most out of your Souplantation meal

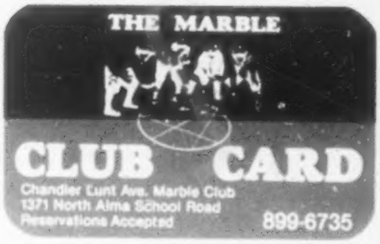
Souplantation's nutrition brochures promote the concept's healthy image and menu items.

er's clubs. Taking a cue from the airlines, many independent restaurateurs have inaugurated plans designed to reward frequent diners.

In an increasingly competitive environment, it is important to keep diners returning to an establishment, and the Osteens of Pawleys Island Inn Restaurant feel they have found a ticket for that. "We're trying to give our business customer a pesonal perk, just like the airlines do," says Marlene Osteen. "We're trying for increased customer loyalty." The plan was only recently put into effect, so results are hard to predict, but diners receive one point for every dollar spent at Pawleys Island Inn, The Waccamaw Neck Cafe, or the couple's deli-bakery.

Participants will receive a monthly statement, and redemption prizes include everything from a free lunch for six after earning 800 points to a cocktail party catered in the customer's home for garnering 25,000 points.

A similar promotion is lunch or dinner clubs, in which patrons earn points toward free meals for making purchases. In Fountain Valley, CA, 150-seat Guacamole Joe's offers a free lunch to customers who come in for lunch six times, and members of the restaurant's "lunch club" always get a 15% discount on their meals. They are issued cards that show when they ate in the restaurant, and free meals are awarded after the sixth and thirteenth meals, after which a new card is started. "It has worked amazingly well for us in boosting lunch traffic," says Jesse Catano, one of the owners of Guacamole Joe's. He estimates that 45% of all lunch customers belong, and that revenues have increased by $400 per lunch since the plan was instituted three months ago.



Another "Frequent Diner" card, this time from The Lunt Ave. Marble Club.

Both chain and independent restaurateurs agree that the key to successfully promoting the operations is to keep after them. "You have to keep putting your name out there," adds Chez Melange's Franks. "It is a never-ending battle."

DEALS AND DISCOUNTS

Dealing emerged as a necessary evil in the marketplace, used competitively but with regret, particularly by the chains.

Dealing and couponing in the restaurant business occupy a peculiar position: Almost to a person, every restaurateur and chain executive disparages the activity, yet they all participate in it. The reason they offer in defense of dealing is that competitors do it, so they are forced to. "No one wants to do discount, but everyone has to when they are locked in a battle for market share," says Robert Marriott of Marriott & Associates in Mill Valley, CA, a restaurant consulting firm. George Rice, president of GDR/CREST Enterprises Inc., Park Ridge, IL, another marketing consultant, agrees: "The restaurant industry today is a battle for market share, and when that happens there are too many restaurants chasing too few diners. Dealing must be used in many cases, to get the diners into an establishment. And sometimes it's not just to get them to come in once, but to keep them coming back."

According to Rice's figures, dealing for dollars has continued to increase in the restaurant business, and he anticipates that it will expand further in 1988, although at a slower pace. In 1987, according to CREST, a service of NPD Research, dealing was up 6% to 7% over 1986, when 13% of all dining-out occasions were deal-driven. This year, Rice believes dealing will continue to grow, although he doesn't think it will be at as great a rate as last year. He sees continued slow growth overall in the industry, but admits that dealing would escalate quickly in the face of a recession.

Predictions aside, there is plenty of dealing going on now—a reflection

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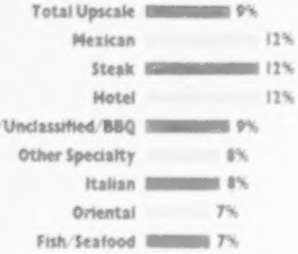
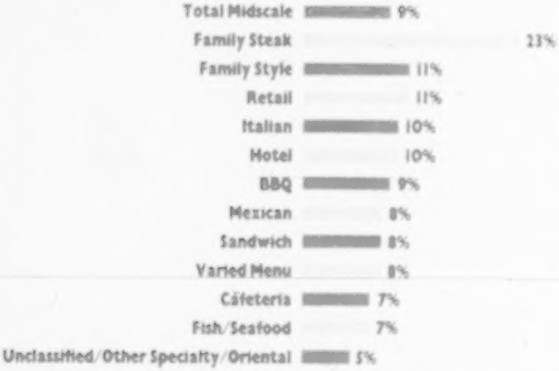
While deals are important at all price points, some market segments are more dependent on deals than others.

DEAL USAGE: Upscale Restaurants
% Occasions on Deal
June 1986–May 1987



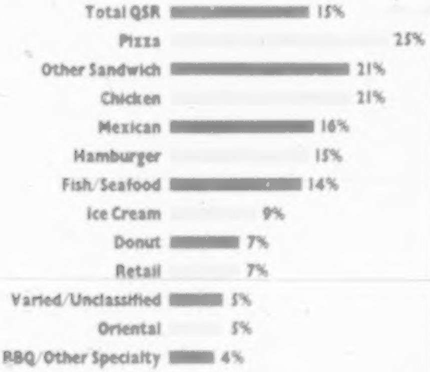
SOURCE: CREST Total U.S., Average 2-Week Household Data

DEAL USAGE: Midscale Restaurants
% Occasions on Deal
June 1986–May 1987



SOURCE: CREST, Total U.S., Average 2-Week Household Data

DEAL USAGE: Quick-Service Restaurants (QSR) % Occasions on Deal
June 1986–May 1987



SOURCE: CREST Total U.S., Average 2-Week Household Data

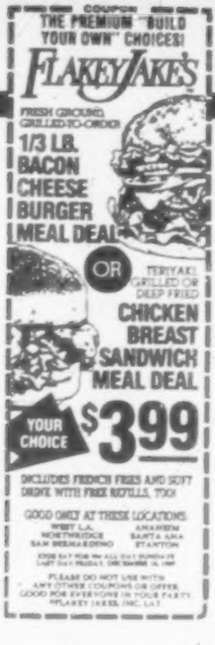
of various current marketing strategies. And, whether they are forced into it by competitors or start it on their own—something no one will admit to—companies are relying heavily on dealing for a number of reasons. Chief among them is to compete effectively in an ever-expanding universe of restaurant choices. "As the consumer gains more and more options," says Robert Wisely, vice president of marketing for 450-unit Carl Karcher Enterprises Inc. of Anaheim, CA, "you have to do more and more to rise above the clutter and make yourself known to the consumer. Especially here on the West Coast, couponing is a standard way of doing business. It's a fact of life. You've got to be in the ball game, and the way to do it is to deal."

According to Wisely, Carl's Jr. offers deals for many of the same specific reasons as do other chains—and independents. He points to new product introductions and maintenance of frequency as primary reasons. When the chain recently introduced a country-fried steak sandwich, it used coupons as well as direct mail, in-store promotional material, outdoor banners, and various supportive media. "But the price-off was the most enticing part of the deal," adds Wisely. "It exceeded our expectations, and sales of the item are holding up now at its full price." He adds that dealing and couponing must be part of an overall strategy for the company. "We've found that a promotion where we offer a deal must make a lot of sense to the consumer, and not devalue the product overall." For this reason, Carl's sticks to cents-off on new products and deals during a grand opening, or uses them as a tie-in with a new advertising campaign. "You can't use them to build market share, because consumers start wondering why meals don't cost less all the time."

George Rice encourages his clients—primarily chains—to be especially cautious when it comes to their primary products. "You can get into real trouble by discounting your main products," he says. "A company must maintain the integrity and value of the flagship items."

PEAK PERIODS. One heavy user of coupons is 1,600-unit Arby's Inc. of Atlanta. "Usually," says Melinda Ennis, Arby's group director of promotion and product marketing, "we use coupons in peak periods to drive add-on sales. But, for us, couponing is also weather-driven, meaning that we run heavier in the winter months to build traffic and sales, and sometimes as a competitive response." Arby's uses newspaper inserts four to six times a year, and qualified

A & W Restaurants used "The Great Root Bear" program to boost December traffic in 500 units.


COUPON
THE PREMIUM "BUILD YOUR OWN" CHOICES!
FLAKEY JAKE'S
FRESH GROUND, GRILLED-TO-ORDER
1/3 LB. BACON CHEESE BURGER MEAL DEAL
OR
TERIYAKI GRILLED OR DEEP FRIED
CHICKEN BREAST SANDWICH MEAL DEAL
YOUR CHOICE
$3.99
INCLUDES FRENCH FRIES AND SOFT DRINK WITH FREE REFILLS, TOO!
GOOD ONLY AT THESE LOCATIONS
WEST L.A.
NORTHRIDGE
SAN BERNARDINO
ANAHEIM
SANTA ANA
STANTON
PLEASE DO NOT USE WITH ANY OTHER COUPONS OR OFFER
GOOD FOR EVERYONE IN YOUR PARTY
©FLAKEY JAKES, INC. L.A.T.

Flakey Jake's uses newspaper coupons to promote price-off specials.

open-sales promotions. "For example," explains Ennis, "a consumer has to say 'I have burger burnout' at the counter in order to get a 99¢ roast beef sandwich. He has heard about the deal on radio or television, and he repeats it to qualify himself for the discount."

Arby's also sends coupons out through direct mail, and is a heavy user of liquidations, during which a product is offered for sale at a low price when a certain purchase is made in the restaurant. Liquidations have always been used heavily in the restaurant business, and are even gaining in popularity now.

"By far, our most successful liquidation sale is the Christmas glassware, called 'Holly Days'," adds Ennis. The holiday glassware, consisting of 12-oz. stemware, a 16-oz. tumbler, and a 12-oz. ceramic mug, is sold to the consumer for 99¢ to $1.09 each with the purchase of a soft drink. "In 1987, we moved over 5 million pieces of glassware," says Ennis, "and it has driven considerable sales increases, even over the year before, when we were also running the glassware liquifier." Arby's anticipates that the program, now in its fifth year, will be repeated next Christmas.

A & W Restaurants Inc. of Dearborn, MI, recently completed the sale of 15,000 stuffed teddy bears, under "The Great Root Bear" program in its 500 stores to boost traffic during December, a traditionally slow period. "Our primary purpose was to increase foot traffic," says advertising and sales promotion manager Wendy Becker, "but we added a twist in order to increase check averages as well." The teddy bear was sold for $9.99, or $8.99 if the consumer's purchase was greater than $10. Becker also emphasizes the importance of offering a quality product when restaurants do promotional liquifiers.

"Self-liquidators, or premiums, are used very effectively in this industry," says Rice, who points to Rocky Mount, NC-based Hardee's Food Systems Inc.'s recent tie-in with California Raisin characters. "If they are used effectively, they can be extremely successful, but the consumer has to think they're worth the price. The consumer has to see the items sold on the street for more money, so he knows he's getting a deal."

But such premiums are clearly only a chain-oriented promotion, because the items for premiums—whether they be glasses, stuffed animals, or anything else—must be purchased in huge quantities, often in the millions. And the possibility of choosing a dud is very real, leaving the company stuck with tens of thousands of the product.

CUSTOMER REWARD. When the restaurant industry was in a seller's market—from the 1960s through the mid-1970s—dealing was usually done only to induce trial. Now, though, dealing is often seen as a reward for customer loyalty, and the preferred mode of transmission for "consumer loyalty" coupons is direct mail. "We can't put good coupons into Sunday newspaper inserts—it just isn't cost-effective," says Barbara Gordon, director of marketing for Big 4 Restaurants Inc. of Phoenix. "Instead, we target our coupons to people who are already using us. To our way of thinking, we do most of our couponing to say, 'Thank you for being a customer, and please come back'."

Big 4 also uses "bounce-backs," another popular technique, especially among independents or small chains. Last Mother's Day, for example, Big 4's 14 Phoenix properties offered a coupon for $1 off brunch to consumers who came in for a Mother's Day meal. And the small chain, which consists of restaurants with different concepts and names, recently completed a "scratch game" in which consumers were mailed a State Lottery-like scratch coupon, which they had to come into the restaurant to use. During their meal, they could scratch off the paper to find if they would get anywhere from $5 to $25 off the price of their meal. According to Gordon, most of the coupons offered $6 off, and it was a very successful—although expensive—promotion for Big 4.

Other couponing is done on a restaurant-by-restaurant basis to the individual establishment's mailing list, "especially if a given restaurant is experiencing difficulties," says Gordon. The mailing lists are compiled from forms customers fill out, which ask for birthdays and anniversaries. Big 4 sends cards to patrons on those occasions, but the couponing also enables the chain to develop a list of senior citizens. As a result, specials have been offered to qualified seniors. "We can really target our mailing," says Gordon. "To us, it's always better to go to people you already know are your customers than to people who may never be."

Arby's moved more than 5 million pieces of Holly Days glassware this past Christmas, the fifth holiday season the company has used the program.

REGULAR BASIS. Mark Lawrence, vice president of marketing for Indianapolis-based MCL Cafeterias Inc., agrees, say-

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WHERE DO COUPONS COME FROM?
December 1986-May 1987

	QSR	MIDSCALE	UPSCALE
Direct Mail	28%	18%	22%
Newspaper/Magazine	41	51	30
In Store/ Other Purchase	19	19	18
All Remaining	12	12	30
	100%	100%	100%

SOURCE: CREST, Total U.S., Average 2-Week Household Data

WHEN ARE COUPONS USED?
June 1986-May 1987

	% TOTAL OCCASIONS	% COUPON OCCASIONS
Breakfast/ A.M. Snacks	2%	6%
Lunch	5	36
Supper	9	53
P.M. Snacks	3	5
		100%

SOURCE: CREST, Total U.S., Average 2-Week Household Data

ing that MCL's dealing policy is to "go duck hunting where the ducks are flying." For MCL, that translates into offering price discounts in the stores on a regular basis, but not making a big deal out of it. "We don't advertise our discounts, because our purpose is to generate trial of a certain product among our customers. We definitely don't want to bastardize our products by pricing them too low. So we're extremely selective in reducing prices." The menu items that are discounted are often signature items, and, according to Lawrence, the discount depends on availability of supply and price. Generally, the discount is in the 50¢ range. "We'll drop the price of our stuffed breast of chicken, for example, to $2.29 from the usual $2.79, and time it to happen when the Social Security checks come in, because so many of our patrons are senior citizens," says Lawrence. He adds that sales of the discounted menu item level off at a higher price than it had before the discount, and generally stay there. "So we like to do it on items with a higher profit potential," he adds.

Others in the cafeteria market are reluctant to discount at all. Says Dick Pike, vice president of marketing for 150-unit Morrison's Inc.: "Any discounting we do—which is almost nonexistent—is only in the form of daily specials on a market-to-market basis. We're not anxious to discount our product."

Debra Hand, director of marketing for 120-unit Wyatt Cafeterias Inc., agrees: "We already offer a very good value, so we don't discount." But, she adds, the chain sometimes will have offers featuring a salad, drink, or dessert for a reduced price with the purchase of an entree. And Wyatt recently offered a special meal for $34.95 that Hand says could feed 10 to 12 adults. "But we really shy away from discounting our product," she adds.

Flakey Jake's Inc., which is struggling back from bankruptcy under new management, has been forced to offer discounts. "All our burger competitors offer deals, so we had to," claims Robert E. Kaltenbach, executive vice president and chief operating officer. Of the chain's 26 units, seven are located in the Southern California market, and Kaltenbach says Flakey's was "forced," as a result, into print advertising offering discounts on special meals. "We're in the Los Angeles *Times* three or four times a week, and that has proven cost-effective for us," he adds. The coupon offers a burger with all the trimmings for $3.99 and, in smaller print, reminds consumers of other deals, such as a kid's meal on Sundays. When—and if—the chain's financial position improves, says Kaltenbach, Flakey Jake's will start to use direct mail. "We'd like to better pinpoint our customer base," he says, "but, for now, we're going with the shotgun approach." And that approach has boosted traffic and increased check averages for the chain.

Whatever a restaurant's policy on dealing, it is clear that it is becoming more of a necessity for doing business in some segments and in many markets. Says Rice: "Dealing is a curse, but it is certainly here to stay."

THE GRAND OPENING

If the public's attention isn't focused on an operation from the start, valuable chances for building the business are lost.

One activity that virtually assures promotional possibilities is the opening of a new store. Whether it is the second restaurant owned by an independent or the 500th unit opened by a nationwide chain, new store openings provide ample opportunities for promotions. The key to taking full advantage of a new store opening is to turn it into an event, according to experts who handle new openings and operators who have run them.

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MARKET SEGMENT REPORT

ORIENTAL

Despite its popularity and growing sales, this ethnic cuisine has resisted attempts to create a national chain.

BY JACQUE WHITE KOCHAK

Denver-based Tokyo Bowl is gone. So is Chicago's Xian Foods. The same goes for Minneapolis, MN-based Nankin Express, which was going to expand nationwide after signing a franchising agreement with giant International Multifoods.

Charlie Chan's is but a distant memory. General Mills Restaurant Group has decided to sell its Leeann Chin concept. And Pillsbury has closed nine of its Quik Wok units.

INSCRUTABLE. What's going on here? For several years, analysts and experts have been touting Oriental cuisine as the next expansion vehicle. And Oriental food certainly is popular; sales in the segment continue to grow at a faster rate than the industry as a whole, and that growth has been sustained for the last four or five years.

Independents like Barbara Tropp, a cookbook author and chef/owner of China Moon Cafe in San Francisco, have made Oriental food fashionable. Midprice, casual-theme chains such as Bennigan's have taken the cue and added Oriental specialties to menus. And chefs are combining Eastern and Western techniques at such trendy eateries as Wolfgang Puck's Chinois on Main in Santa Monica, CA; and La Petite Chaya in Los Angeles.

Nevertheless, very few chains have managed to succeed in the segment.

"I'm very skeptical about a significant Oriental chain developing," says

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Jacque White Kochak is a contributing editor who works out of the Westchester County, NY, area.

Columbus, OH-based Mark Pi Intl.'s upscale China Gate restaurants specialize in Mandarin and Szechuan cookery.

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Ron Paul, president of Chicago-based Technomic Consultants. "Oriental food is sharply defined by the food and the staff—and there are many Orientals running independent restaurants. A chain doesn't really offer anything in a neighborhood that is fairly well saturated ~~with~~ independents, because the perception is that the Orientals do it better."

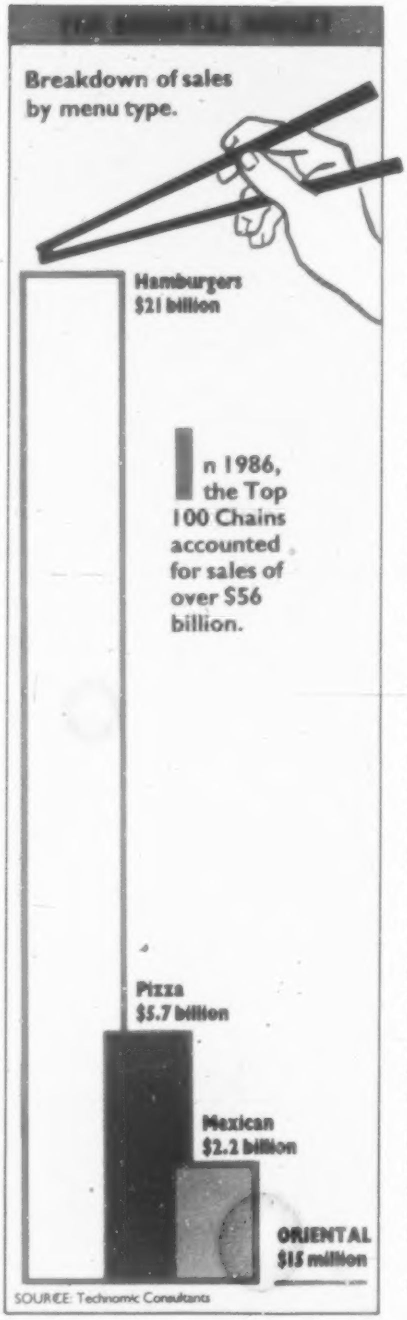
Out of 80,581 units operated by the top 100 restaurant chains in 1986, only 26 could be classified as Oriental, says Paul. That number was halved in 1987, because of the units closed by Pillsbury and General Mills.

According to Technomic's research, those top 100 chains accounted for sales of more than $56 billion in 1986; of that vast total, a paltry $15 million was earned by Oriental concepts. In contrast, hamburger chains totted up sales of $21 billion, pizza chains had sales of $5.7 billion, and Mexican chains had sales of $2.2 billion. The other ethnic cuisine that is widely considered to be ripe for exploitation by chains is Italian, which generated sales of only $35 million for the top 100 chains in 1986.

A LONG HISTORY. Chinese restaurants have prospered in this country since the days of the California Gold Rush, which drew tens of thousands of Chinese immigrants in search of work.

Over the years more and more immigrants arrived, and Chinese restaurants opened to fill the demand. In the 1950s, the restaurants began following customers to the suburbs, and it wasn't long before Chinese restaurants had become a familiar institution, serving food that was generally recognizable to diners whether they picked up their chopsticks in Nebraska or New York.

In fact, Oriental restaurants are well-represented all over the U.S., according to the Restaurant Consulting Group's 1987 RE-COUNT study. Some 5% of all restaurants in the U.S. are Oriental—17,859 units. The only segments with more units are pizza, with 41,270; hamburger, with 31,920; and ice cream, with 21,598.



Breakdown of sales by menu type.

In 1986, the Top 100 Chains accounted for sales of over $56 billion.

SOURCE: Technomic Consultants

CHART BY SHARI FANG

Oriental restaurants are still most common on the West Coast and in the Middle Atlantic area, with their large Oriental populations. On the West Coast, Oriental restaurants make up 8.3% of all restaurants with 5,055 units. In the Middle Atlantic region, which includes New York, they make up 6.9% of all restaurants, with 3,712 units.

Canny Oriental entrepreneurs, eager to succeed, have always been quick to give the customer what he wants. The once-popular chop suey and the ubiquitous fortune cookie both were born in the U.S. to please Occidental customers. As the public's tastes became more sophisticated, Chinese restaurateurs introduced the cooking of various regions of China, from the spicy cuisine of the hot, tropical inland provinces of Szechuan and Hunan to the soups, fish dishes, and spring rolls of the mountainous province of Fukien between Canton and Nanking.

THE ROLE OF THE CHINESE FAMILY. Chinese families have historically run Chinese restaurants, and that fact seems curiously impervious to change. In fact, there are some who say that the traditional style of Chinese restaurant—which is what customers seem to want—cannot thrive without that traditional Chinese family in the kitchen. The same holds true for other Oriental concepts.

Says one prominent foodservice operator (who tried opening an Oriental concept but failed to develop a wide following): "Chinese restaurants depend on food and the control of labor to keep prices low and to succeed. They are very labor-intensive, more so than most other kinds of restaurants. Chinese families have within their nature and structure that labor and willingness to work. Most entrepreneurs who try to create a concept don't have those labor efficiencies. There's a lot of potential, but it's hard to realize," he adds. "When you take the family out of the concept, you incur unnecessary costs; and if you put in labor-saving equipment, you change the character of the product."

CHINESE FACES. Mexican food has been successfully mainstreamed, and no one seriously expects to find a Mexican chef in the kitchen of every Mexican restaurant. Yet people want to see Chinese faces in a Chinese restaurant.

"It doesn't seem authentic if there are some college kids in the back doing

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Boston-based Weylu's is a family-owned business with four restaurants, including this one located in Brockton, MA.

the cooking. And Orientals are entrepreneurial by nature; they're not all going to work for an American company," points out Technomic's Ron Paul.

Other foodservice observers agree in part. "All I can suggest is that the problem has to do with the execution of a chain concept. Chain restaurants have been unable to recreate the same type of appeal that independents have created. I think it comes down to the authenticity of the food product," says George Rice, chairman of GDR Enterprises and spokesman for CREST Research, a division of NPD Research.

Nevertheless, the Oriental segment is such an enticing target that eager entrepreneurs keep trying to hit the bull's-eye. Perhaps not surprisingly, the most successful expansion so far has been carried out by Oriental-owned companies.

Japanese-owned Dosanko Foods operates 11 restaurants specializing in noodle dishes in New York City, and has plans to open six more over the next three years. Another Japanese company, Yoshinoya West, operates more than 20 Yoshinoya Beef Bowls in the Los Angeles area; the restaurants specialize in rice with various toppings such as beef and chicken. Empire Szechuan Restaurants in New York City operates 12 units, specializing in spicy Chinese cuisine. And Tulsa, OK-based Eggroll Express, owned by Frank Wong, has several fast-food Chinese outlets in Tulsa, Dallas, and Houston.

"I really think that Chinese food can be demystified, but there's a question in our minds about whether there can be a national chain. We're not looking to be the next Chi-Chi's," says Keith Lowry, executive vice president of Columbus, OH-based Mark Pi International, a chain of 20 full-service China Gate restaurants and nine fast-food Ancient Wok units started by Chinese immigrant Mark Pi.

PULLING BACK. The decisions of two foodservice giants, Pillsbury and General Mills, to acquire and grow small Oriental chains as subsidiaries riveted attention on the segment, and their decisions to pull back now are equally interesting.

Originally, Quik Wok was acquired by Burger King as an expansion vehicle. The chain consisted of both take-out/delivery units and sit-down restaurants. However, Pillsbury closed all nine of the take-out/delivery units last year and is now trying to sell the remaining units.

"There could be a host of factors in the failure of Quik Wok, including the usual ones such as site selection and food quality," says John Bierbusse, an investment analyst who follows Pillsbury for St. Louis-based A.G. Edwards & Sons. "The units were mostly opened around S&A headquarters in Texas, and that may not be the best environment for a start-up right now because of the Oil-Belt economy."

He goes on to say that he, like so many others, wonders how effectively a chain can compete against the large number of independents in the segment. "And I have some reservations about how widespread the popularity of Chinese food really is," he says. "My perception is that Oriental food is an urban cuisine."

"You can't make another McDonald's out of Chinese food," says an observer who, in the past, developed a fast-food Chinese restaurant. "Pillsbury thought Quik Wok could serve a very limited menu from a steam table, because that's the only way you're going to do it if you have a drive-thru. But you just can't serve good quality food off of a steam table when business is slow. I know, because I tried. Everything's got to be cooked fresh."

General Mills Restaurant Group has reached an agreement in principle to sell its Leeann Chin's Inc., an upscale

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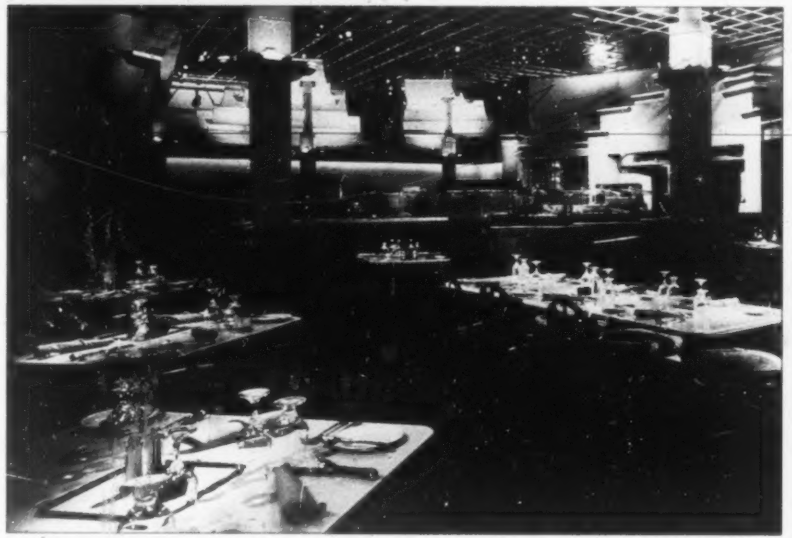
ORIENTAL



Chinese concept, back to its founder and president, Leeann Chin.

"We still believe the Oriental segment is very viable," says Anne Powell, manager of media communications for General Mills Restaurant Group. "We were not disenchanted with the segment, nor were we disenchanted with the company. We think that Leeann Chin's has a lot of potential for expansion, and does very well in Minneapolis. It's just that Red Lobster and the Olive Garden have been our growth vehicles for the last three years, and we have been expanding both of them very aggressively. We decided to concentrate on our strengths and not get into developing a new chain."

Three full-service Leeann Chin's are located in the Minneapolis/St. Paul area, as well as seven take-out units. One full-size restaurant and three take-out units opened in Chicago by General Mills in Chicago were closed several months ago.

Leeann Chin's was founded eight years ago by Leeann Chin, a native of Canton, China, who immigrated to Minneapolis in the 1950s. She began teaching Chinese cooking in 1972, then in 1975, began teaching at General Mills' Creative Learning Center. In 1980, she sold a compendium of her recipes to Betty Crocker for "Betty Crocker's Chinese Cookbook." That same year she also opened the first Leeann Chin's.

Leeann Chin's specializes in Cantonese cooking, served buffet-style for a fixed price. Three appetizers and three entrees, which change every day, bring $6.95 at lunch and $7.95 at dinner. Although the buffet is short on variety, critics agree that the restaurants are long on quality, and Leeann Chin's restaurants are consistently rated among the most popular in the Twin Cities area.

But the food is not the only attraction; the full-service Leeann Chin's are distinguished by the elegance of the decor, which eschews a traditional Chinese look for soft track lighting highlighting Oriental prints and white lucite display cases housing Chinese artifacts of ivory, jade, and porcelain.

The take-out units offer seven appetizers and 10 entrees ranging in price from $3.50 to $4.25. The menu includes chicken wings in oyster sauce, potsticker dumplings, egg rolls, shrimp toast, lemon chicken, sweet-and-sour pork, Szechuan shrimp, garlic chicken, stir-fried beef, and sesame beef, all served from a steam table.

Left: At Benihana restaurants, chefs entertain guests with twirling knives and at-table preparation. Below: Benihana also operates a seafood concept called The Big Splash.

Chin is puzzled as to General Mills' reasons for deciding to sell her concept. She believes there is potential for Chinese food on a larger scale. "People are still trying, but it isn't easy; serving Chinese food is not like serving a

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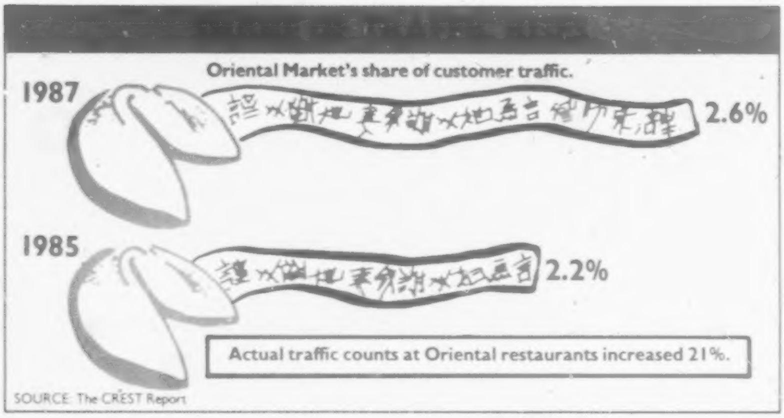

SOURCE: The CREST Report

CHART BY SHARI FANG

hot dog or a hamburger," she says.

Chin thinks that Chinese cooking doesn't meet the same response in all parts of the U.S. "Not all Americans like the same thing, and some are more adventurous than others," she says. "You have to understand the area, and know whether people are looking for new tastes, or just the old standards."

BENIHANA'S SUCCESS. One of the few chains that has managed to establish a significant presence in the Oriental segment is Miami-based Benihana of Tokyo, which oversees 20 company-owned restaurants and eight franchised restaurants, and its subsidiary Benihana National Corp., a public company that oversees 16 company-owned units and one franchised unit.

Benihana also operates two Big Splash seafood restaurants, both located in Miami.

The theory that in an upscale environment, service and decor become more important to the customer, may be one of the reasons Benihana can compete effectively against independents. Most other companies have tried to tap the potential of the Oriental segment using a fast-food format, where speed and convenience as well as food quality are important factors. Since Chinese restaurants practically invented fast food with their take-out operations, fledgling quick-service chains have found the going tough.

Observers agree that Benihana, founded by flamboyant Japanese immigrant Rocky Aoki 25 years ago, has succeeded by being unique, combining good food with an unusual atmosphere and a theatrical and entertaining style of service. Oriental restaurants are traditionally long on good food but short on atmosphere, so Benihana's elaborate dining rooms and dramatic style of service are definitely pluses.

In addition, Benihana has brought professionalism to a segment that has traditionally been dominated by small, sometimes struggling, independents. "Our restaurants are clean, our employees are trained, and we spend a lot of money on advertising and promotion," notes Benihana National Corp. president Joel Schwartz.

The Benihana restaurants specialize in the *teppanyaki* style of Japanese cooking, with customers seated around a large table with a grill in the center. A Japanese chef makes a show of twirling knives while chopping vegetables and slicing meats at the table, before grilling the customer's dinner in front of him.

In fact, Benihana is no longer in direct competition with Oriental restaurants; the competition are other theme restaurants. Even so, Benihana executives bow to the idea that customers like to see Oriental faces in an Oriental restaurant. Some chefs are recruited stateside, but the company maintains an employee recruiting office in Japan to lure chefs and managers to the U.S.

Benihana will continue to open restaurants at a slow but steady rate, says Schwartz. A new unit just opened in Puente Hills, CA, and plans are underway for a unit in Walt Disney World Village in Orlando, FL. Restaurants average annual unit volumes of about $1.5 million.

In recent years, Benihana had ventured into the frozen-food business, but that has just been sold to Freezer Queen Foods Inc. for $4.5 million, including cash and the assumption of $1.1 million of certain liabilities. Benihana will also receive royalties on sales. According to Schwartz, the sale allows Benihana to refocus attention on its core restaurant business.

A company that is similar in concept to Benihana is Gasho of Japan, with headquarters in Central Valley, NY. Three other units are located in the New York City area, and two in Denver. Gasho of Japan also specializes in teppanyaki cooking, with flamboyant chefs flourishing knives at tableside. The restaurants are reconstructed Japanese farmhouses set amid elaborate Japanese gardens.

Gasho has done a good job of melding Oriental cuisines with Western influences to create a crowd-pleasing restaurant. For example, Gasho offers a Sunday brunch that combines Japanese specialties such as miso soup, vegetable tempura, tofu, and chicken teriyaki with such American favorites as bagels and scrambled eggs. The brunch, which includes unlimited champagne, costs $10.95.

The regular menu combines true Japanese specialties with delicacies that could be called Oriental-inspired. Sashimi; eel teriyaki; hibachi shrimp, scallops or crab; and tempura dishes are all authentic, but a flounder-and-scallops combination topped with bread crumbs with tomato and garlic might raise eyebrows in Tokyo.

Gasho successfully aims at Middle America, and in fact, the Central Valley restaurant near West Point routinely draws a broad range of tourists and senior citizens. Bus tours frequently stop there. "We worked very hard to get them here, because in the beginning a lot of them thought Oriental food was either raw, or Chinese," says Kay Schmidlein, Gasho's president.

Gasho is Japanese-owned, so like Benihana, the company recruits chefs

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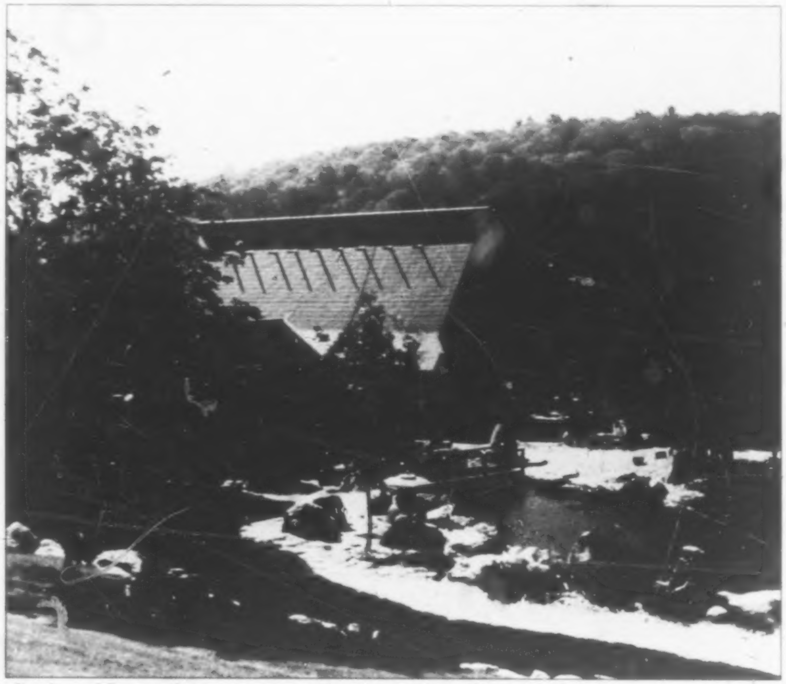

Gasho of Japan has a concept similar to Benihana's, but its restaurants are reconstructed Japanese farmhouses set amid elaborate gardens.

in Japan. Schmidlein notes, however, that it is getting harder and harder to lure Japanese chefs to the U.S. because the Japanese economy is so strong.

More Gasho restaurants will be built in the future, but slowly; each unit requires three acres of land and costs at least $2 million, depending on the cost of the land. The average unit grosses about $1.6 million annually, says Schmidlein.

LOW PROFILE. One of the largest Oriental chains has kept a very low profile since its beginnings in 1982. Columbus, OH-based Mark Pi International now operates 20 full-service China Gate restaurants and nine quick-service Ancient Wok operations, almost all of them in Ohio.

Mark Pi International is interesting in that the company was a family business started by Chinese entrepreneur Mark Pi, but is now in the process of becoming a professionally managed company.

Pi grew up in Korea, where his parents operated a Chinese restaurant, then immigrated to the U.S. with $50 in his pocket. He saved his money and bought his own restaurant, then sold it for a profit and bought another. Eventually he moved to Columbus with the intention of starting a chain; he chose Columbus because it is centrally located in Ohio, and is a booming white-collar center.

Like Benihana's Rocky Aoki, Mark Pi is an ambitious entrepreneur with flair. He worked as a noodle maker at his family's restaurant in Korea; bored by the repetitiveness of the job, he made a game of it by making noodles ever faster. He developed a skill that one day would earn him a place in the Guinness Book of World Records, then went on to beat his own record several times over.

He started opening restaurants all over the state, then slowed expansion to give administrative management a chance to catch up. Only five new restaurants opened in 1987, and no more will open until summer. Keith Lowry, who had advised Pi as a consultant on design and development, was brought in as executive vice president a year and a half ago, and a number of other professional executives have joined him.

As the company develops professional management, the restaurants are evolving. The original China Gates featured traditional Chinese restaurant decor; newer units are very contemporary, with a post-modern, art deco feel. The only Oriental elements are a few selected architectural details and pieces of fine artwork. The atmosphere is upscale, with white tablecloths and tuxedoed waiters; restaurants range in size from 60 seats in Zanesville, OH, to 250 seats in Columbus, OH.

Mark Pi restaurants have built a reputation on a broad, high-quality menu specializing in Mandarin and Szechuan cuisine. Appetizers include such American favorites as fried wontons, egg rolls, barbecued ribs, and potsticker dumplings. Soups include hot-and-sour soup with whole baby shrimp, egg drop soup, and shark's fin soup. Entrees range from orange beef to crystal shrimp, General Tso's chicken, and the Dragon and Phoenix combination, consisting of shrimp, crabmeat, and sliced chicken sautéed with snow peas, water chestnuts, baby corn, sliced carrots, and fresh mushrooms in a light wine sauce. Check averages range from $12 to $18, depending on the market area.

The Mark Pi restaurants are a subtle blend of Chinese cuisine, ambience, and faces with Western-style marketing and advertising savvy. For example, the company publicizes a "Gourmet Club," giving members a variety of discounts, and "Taste the Orient" promotions offer an entree, egg roll, soup, steamed or fried rice, and a drink for $9.95.

SKILLED CHEF NEEDED? An oft-mentioned problem in expanding a Chinese restaurant is that a skilled Chinese chef is so important to the concept. Each chef tends to make the traditional favorites in a slightly different way; if he leaves, customers are disappointed. And he can't be in two restaurants at once. "Quite often the chef holds the

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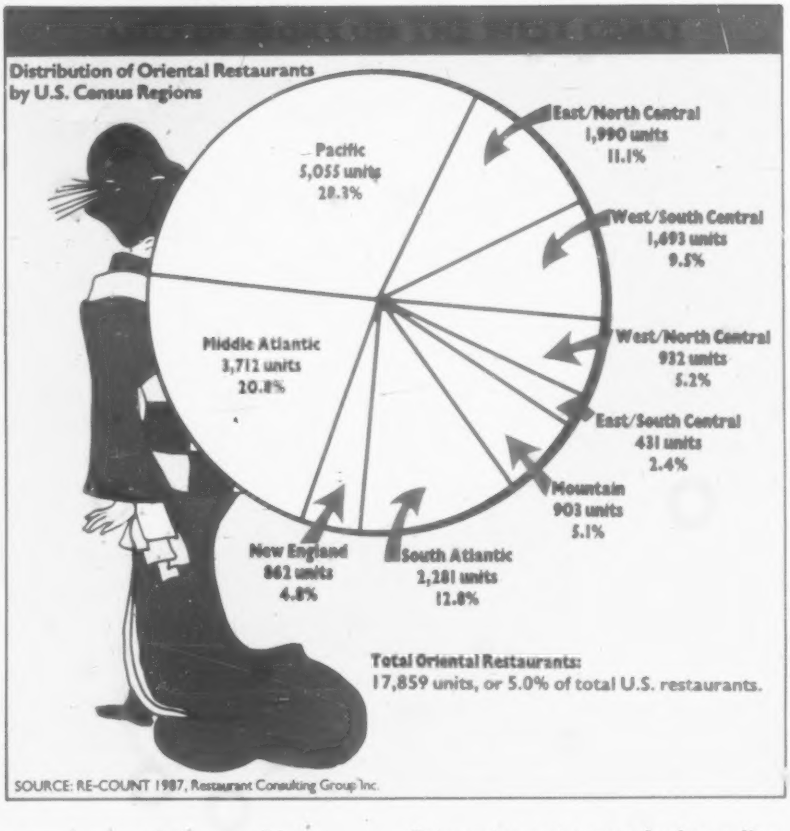

Distribution of Oriental Restaurants by U.S. Census Regions

Total Oriental Restaurants:
17,859 units, or 5.0% of total U.S. restaurants.

SOURCE: RE-COUNT 1987, Restaurant Consulting Group Inc.

CHART BY SHARI FANG

owner hostage," observes Lowry.

To overcome this dependency, Mark Pi International has a commissary, which supplies egg rolls, meats, and nonperishables to restaurants, and is working with consultants to develop operating systems and training manuals to maintain consistent quality. In fact, the key to Mark Pi's growth pattern is the commissary. "We're trying to keep all units within a five-hour drive-time," notes Lowry.

Lowry believes that several factors have worked against the development of a full-service Oriental chain. The complexity of the menu makes it difficult to systematize operations. There are problems obtaining enough Oriental labor, and Lowry believes that it is difficult to train Caucasians to understand Oriental food. Therefore, China Gate restaurants use a food-expediter system; the expediter acts as a go-between for waiters and the cook's line, and assembles meals. He receives extensive training, while the restaurant's more numerous waiters require less instruction.

China Gates are located in cities with populations as small as 70,000, and in those cities Caucasian waiters are common. "There is definitely an advantage to having Oriental faces in contact with the public, but we think that ambience and service are very important, too," says Lowry.

The company hopes to open 50 China Gate restaurants over the next five years. For now, expansion of the Ancient Wok concept is on hold. "China Gate is what we do best," says Lowry. "The Ancient Woks are doing well, but fast food is a considerably different ball game than Mark Pi originally thought. He believes that we need to establish our reputation in full service before attempting a fast-food format, because lack of a systemized approach shows up a lot faster in fast food."

FAMILY-RUN OPERATION. Orientals are noted for their entrepreneurial spirit, and other family-owned Chinese restaurants are slowly expanding to two, three, or even more units. One of these is Boston-based Weylu's, with four restaurants in operation in Saugus, Salem, Boston, and Brockton, MA, and a fifth to be built in Saugus. The restaurants are owned by Rick Chang, with Billy Tse a general partner and corporate general manager.

True to the stereotype of Oriental restaurant companies, Weylu's is very much a family-run operation. Chang's wife, brother-in-law, and mother-in-law work for the company, as well as Tse's sister, brother-in-law, and father. Tse also brought his uncle over from Hong Kong to make pastries at the new restaurant.

The new restaurant, set to open in a year and a half, will be a vast facility seating 1,000 people. Called Weylu's Palace, the restaurant will resemble a six-story Chinese pagoda. An interior designer is coming from China to create dining rooms reflecting the decor of different dynasties, and a driveway cutting through the center of the building will provide a convenient drop-off point for customers.

Another restaurant, Seasons on the Common, was to have opened by now in Boston, but was destroyed by fire. The three-story restaurant, again under construction, will feature a different style of cuisine on each floor. The first floor will serve Chinese specialties; the second floor will serve appetizers prepared over an open hearth, as well as Chinese pastries, and the third floor of the restaurant will feature new American cuisine.

The first Weylu's opened 10 years ago, and Chang has built a solid business serving Szechuan and Mandarin offerings from a very broad menu. Specialties include hot-and-sour soup, Fuyung Three Treasures (large shrimp, scallops, and white chicken meat sautéed with broccoli and mushrooms in white-wine sauce), orange beef, and Szechuan spicy lamb. Recently, Chang branched out to open Rick's Cafe, serving new American cuisine in

continued on page 192

Samurai Sam Jr. combines popular Chinese stir fries with Japanese teppanyaki cooking and Japanese-inspired charbroiling.

an old church in Newton, MA.

Tse notes that so far Weylu restaurants are staffed primarily by Chinese employees, and that is important. "I am from Hong Kong, and if I walk by a table, I know exactly what's wrong with a dish. It is very hard to train someone to do that," he says. "Really, someone has to live in China and know the cultural background to know the food."

Weylu has brought six chefs from China, and at times brings employees from Taiwan. The days of relying almost exclusively on Chinese employees may be numbered, however. "Just like everybody else, we're having a tough time finding help, especially with the new immigration laws," says Tse.

ASPIRATIONS. A company with solid aspirations but as yet few units is Miami-based Samurai Sam Jr., a fast-service concept with a unique formula that just might work where others have failed. Samurai Sam Jr. doesn't attempt to beat the ethnic Chinese at their own game; owner Sid Shane instead combines 10 of the most popular stir-fried Chinese specialties with Japanese teppanyaki cooking and plenty of Japanese-inspired charbroiling.

Charbroiled entrees include beef *yakimono,* marinated beef and vegetables barbecued with sauce and served on a skewer; *yakitori,* marinated chicken barbecued with sauce and also served on a skewer; Hawaiian ribs; and chicken teriyaki.

Samurai Sam Jr. offers the Oriental specialties in a clean, bright, modern environment with soshi screens and neon. Fresh foods are displayed and cooks clad in happy jackets and headbands cook in full view of customers in an open kitchen.

While the food is similar to what would be served in a full-service restaurant, emphasis is on speedy carry-out and delivery. One company-owned unit in Miami is now open, as well as franchised units in San Jose, CA, and Houston, TX. Several other units are under construction, and more franchises have been sold.

Until 1985, Shane operated Samurai Sam's, a Japanese steak house, in California. He says that the location was hard to find, and labor was difficult to maintain, so he went back to the drawing board and spent a year and a half putting together Samurai Sam Jr., a quick-service concept which requires a minimum of employees.

Shane says that delivery seemed to be a natural. "We can cook Oriental food faster than Domino's can cook pizza, and I think Chinese food was being delivered before pizza," Shane maintains.

Right now, delivery accounts for about 30% of sales in the Miami store, while takeout accounts for 50%. Shane says he hopes that ratio will eventually reverse itself.

Instead of using the white rectangular take-out containers so familiar to devotees of Chinese restaurants, Shane uses special microwaveable oval bowls that can be delivered directly to the table.

And to underscore the fact that Samurai Sam Jr.'s food is equal to that of a full-service restaurant, the company offers a Silver Platter Dinner for entertaining. Six entrees, arrayed on silver serving platters, are delivered to a customer's home accompanied by two side dishes, at a cost of $12.95 a person. All the host has to do is set the table with his own china and crystal.

Samurai Sam Jr. also offers family dinners for $7.95 and $9.95 per person. Included are wonton soups, egg rolls, spicy Kung Pao chicken wings, fried rice, and a choice of several appetizers.

Shane insists that Oriental cooking really is not difficult, except for the vast number of items typically on a menu, and the number of sauces that are usually made by a chef on-premise. "You can't have an Oriental chain depending on an Oriental chef," he says. "He doesn't cook by recipe, and if he leaves, you can be out of business."

To solve those problems, Samurai Sam Jr., like Mark Pi International, utilizes a commissary for preparation of the basics.

"The training is really in the preparation of foods, which we do at the commissary," he says. "In the units, employees just marinate and stir-fry. We make 11 sauces at the commissary."

Shane is optimistic about his chances for success, and he makes a good point: "A Chinese restaurant hardly ever goes out of business. Why is everybody else? Obviously, they're doing something wrong!"

For more information on Wisconsin Milk circle number 266 →

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A BILL PUBLICATION

MARCH 20, 1988

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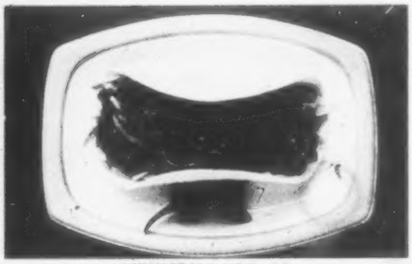
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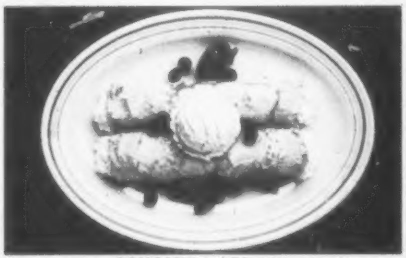
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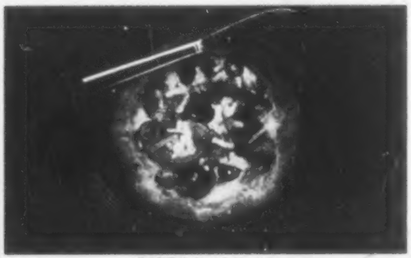
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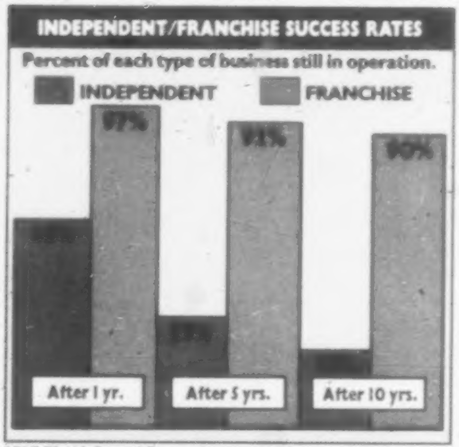
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

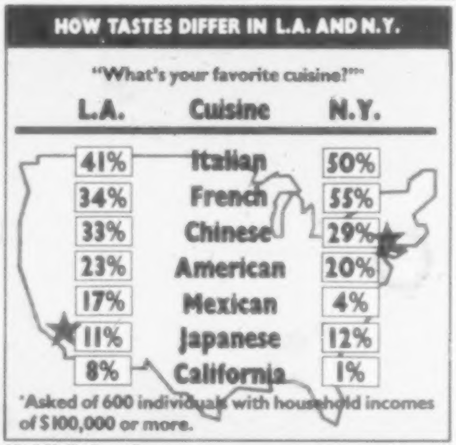

INDEPENDENT/FRANCHISE SUCCESS RATES

Percent of each type of business still in operation.

SOURCE: U.S. Dept. of Commerce

Franchising And Surviving

Franchise business now accounts for one-third of all retail sales in the U.S., more than $590 million. Why is franchise longevity so much greater than independent businesses? Franchising allows individuals a chance to enter the rapids of today's business world with maximized chances of success and minimized risk, thanks to the complete package of controls and systems provided by the franchisor. And it gives franchisors the opportunity to expand far more widely and quickly than their own capital requirements would allow. (For more on franchising, turn to our cover story, starting on page 91.)


HOW TASTES DIFFER IN L.A. AND N.Y.

"What's your favorite cuisine?"*

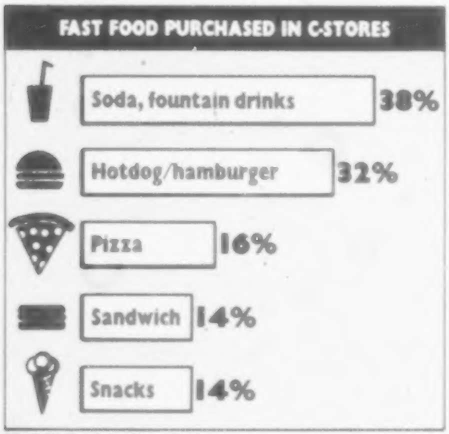
L.A.	Cuisine	N.Y.
41%	Italian	50%
34%	French	55%
33%	Chinese	29%
23%	American	20%
17%	Mexican	4%
11%	Japanese	12%
8%	California	1%

*Asked of 600 individuals with household incomes of $100,000 or more.

SOURCE: The Roper Organization

Appetites From Coast To Coast

The regionalization of menus continues, as operators search for more and better ways to give customers what they want and differentiate themselves from their competitors. But satisfying restaurant goers' regional tastes may prove more complicated than simply experimenting with native foods. Even the classic cuisines meet with varying degrees of acceptance. New York and Los Angeles, whose dissimilarities run deeper than mere geography, reflect some of those differences. The response to each cuisine—particularly each city's minimal acceptance of California-style food—remains illuminating.


FAST FOOD PURCHASED IN C-STORES

SOURCE: The Gallup Organization

Buying Food On The Fly

At first glance, the Gallup statistics are not surprising. Asked what they bought on their visit to a convenience store, customers listed burgers, soda, and then the rest of the items. But of equal interest are the menu items that didn't score well. Among them: Mexican food/tacos (1%), pastries (5%), ice cream and yogurt (3%), fried chicken (7%), and breakfast foods (1%). These figures may well outline the boundary past which c-stores cannot travel. Consumers may simply be deciding that they will not accept the more "exotic" cuisines from retailers who also sell gasoline, pet-care products, and toilet paper. ▣

CHARTS DESIGNED BY SHARI FANG

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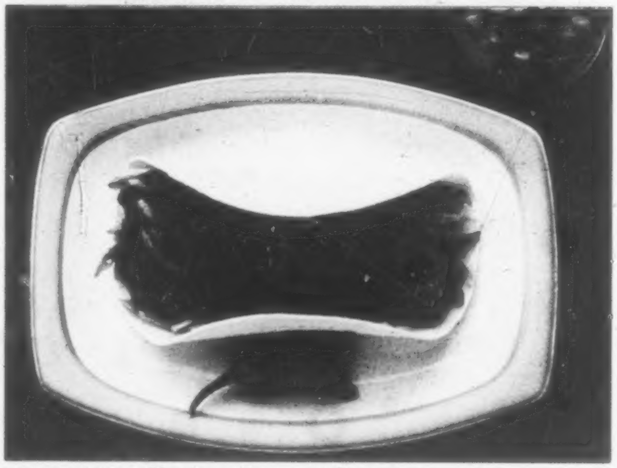

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Cover Photography by Amy Reichman.
Foodstyling by Stephen Shern.

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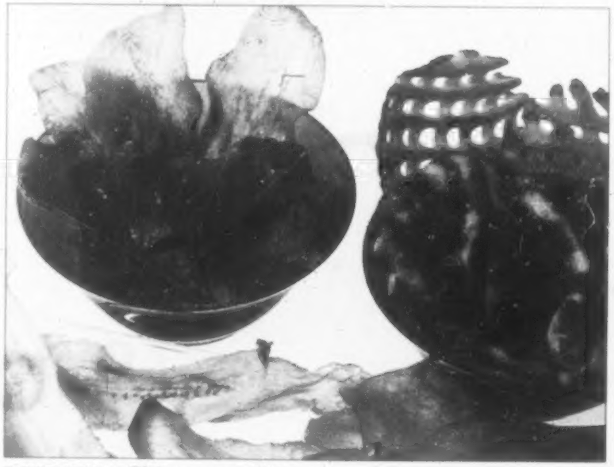

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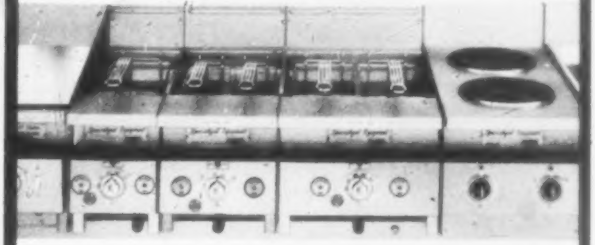

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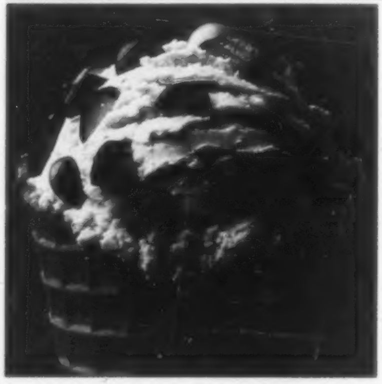

AMY REICHMAN

ICE CREAM

SPECIALTY PRODUCTS AND CONCEPTS ARE WHERE THE GROWTH IS OCCURRING.

Despite health and diet concerns, ice cream still reigns as a favorite with Americans. A number of trends are influencing the franchised ice cream chains, including: a move to reposition the product as an upscale, adult snack rather than a treat for children or teens; a diversification of menu items at traditional ice cream shops to increase business at various dayparts; an emphasis on fresh-made product; and the proliferation of premium ice cream/novelty products and frozen yogurt concepts.

International Dairy Queen (IDQ), headquartered in Minneapolis with more than 5,000 stores in the U.S., Canada, and 13 foreign countries, is a prime example of how the traditional ice cream franchisor is changing with the times. This spring, IDQ's Brazier units—those with inside seating and a complete fast-service menu, comprising about 60% of the chain—are introducing a new sandwich called "The Ultimate." This signature sandwich features two six-to-one (six patties per pound) homestyle patties, with two slices of cheese, tomato, bacon, lettuce, pickles, and sauce on a sesame-seed bun. In addition, the chain is entering the premium novelty market with "The Chocolate Mountain Bar," a premium vanilla ice cream bar smothered in a rich, dark chocolate.

A new building design, called the "M-25," was introduced last year, featuring a wraparound corner solarium, designed to position the company for the '90s and beyond. Eighty such units are already in operation. The next step for IDQ, moving it farther away from its traditional soft-serve ice cream roots, is the development of its new "Treat Centers" concept, seven of which premiered in 1987. Following the chain's 1986 purchase of the 230-unit Karmel Korn chain and the 1987 purchase of the Orange Julius system of 750 mall units, IDQ plans to combine all three concepts—Dairy Queen, Karmel Korn, and Orange Julius—behind one storefront in malls.

Systemwide sales for the chain were estimated to exceed $2 billion in 1987, an increase from $1.7 billion in 1986. An IDQ franchise involves a $30,000 initial fee, plus 4% royalties and 3% to 5% in advertising contributions.

Columbus, OH-based G.D. Ritzy's is also steering away from its ice cream roots of the early '80s with a name, decor, and theme change. Now called Ritzy's, America's Food Favorites, the concept is targeting the 18- to 48-year-old, middle-income customer with its art-deco, '50s-theme diner format, according to Richard Einhorn, group vice president of franchising operations. In so doing, the company hopes to reverse a $1.9 million loss in 1986.

Although the chain's all-natural ice cream is still a signature item, the restaurant menu runs the gamut from hot dogs and Coney dogs to grilled chicken sandwiches, hamburgers, steamed vegetables, and garden salads. With 54 units (17 of which are franchised) in the chain throughout the Midwest and Southeast, the company plans to add as many as 10 more units in 1988. Ritzy's grants multi-unit franchises. The initial fee is $15,000; royalties and advertising contributions are set at 3.5% and 5.5%, respectively.

MOVING UPSCALE. As the ice cream segment has moved upscale, even chains such as Häagen-Dazs, based in Englewood Cliffs, NJ, have experimented with new products to differentiate themselves from the pack. In December, Häagen-Dazs' 265 franchised units introduced "Ice Cream Miniatures," mini-bars of vanilla, chocolate, or coffee ice cream dipped in imported Belgian dark chocolate. Yogurt and baked goods are in test in different markets, says spokesperson Delphine Gasz. Although the

ICE CREAM AND YOGURT STORES (60 franchisors)

	Sales ($000)			Units		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
1986	$1,446,210	$140,827	$1,305,383	8,473	287	8,186
1987*	1,610,646	150,668	1,459,978	9,272	320	8,952
1988*	1,880,191	171,674	1,708,517	10,586	372	10,214

** Estimated by respondents.*

company has limited its franchising expansion to current franchisees, it is pushing hard to market its exclusive flavors such as cappuccino, brandied black cherry, and macadamia nut. Häagen-Dazs charges an initial fee of $25,000, plus royalties, which vary according to volume; advertising takes 4% of sales.

Gunning to become the frontrunner among premium chains is Steve's Homemade Ice Cream Inc., based in Lindenhurst, NJ, which acquired Phoenix-based Swensen's last fall. According to Steve's vice president Emily Skoler, the company plans on continuing to operate the two concepts separately.

Famous for its mix-in feature since 1972, Steve's is this year introducing what it calls an "amazing liquid," a liquid pour-in (chocolate, butterscotch, and strawberry) which hardens on contact with the ice cream. The chain is also looking at variations of ice cream and sorbet drinks, as well as the introduction of a hard and soft-serve gourmet yogurt, and is currently testing a number of cafe-concept items such as Belgian waffles and ice cream crêpes.

A new prototype design combines the homeyness and wood of the classic Steve's with a contemporary, bright, and funky decor. With more than 100 Steve's and 260 Swensen's, the company is looking at expanding into Midwestern and Western markets from the Northeast.

Initial fee for a Steve's franchise is $25,000; for a Swensen's, $20,000. Royalties for Steve's and Swensen's are, respectively, 6% and 5.5% of sales; advertising contribution for each is 1%.

With head-to-head competition for all of the ice cream stores coming from new frozen yogurt shops, many chains in the segment are adding or re-marketing a yogurt product. Yonkers, NY-based Carvel Corp., a pioneer in the ice cream franchise industry, was among the first to introduce frozen yogurt in 1972 with its Lo-Yo and "Thinny Thin" products; the 800-unit chain is now considering a major marketing push for these items.

Glendale, CA-based Baskin-Robbins has retrofitted one of the dipping cabinets in many of its franchised units to hold 30 dry and fresh fruit toppings for the frozen yogurt product it brought out of test last July.

With sales of $650 million and more than 3,400 units in the U.S. and abroad, Baskin-Robbins is hoping to grow both through franchising and joint-venture arrangements with other chains. Although the company recently ended a year-long joint venture test with Wendy's, it is looking for another fast-food concept in which to locate counters.

HOTTEST EXPANSION. The hottest expansion in the franchise segment appears to be within the frozen yogurt sector, as yogurt's health appeal and flavor variety continue to draw customers away from hard ice cream.

TCBY (The Country's Best Yogurt), based in Little Rock, AK, says it will have 1,000 units open by mid-spring in 49 states and Canada; less than 10% will be company-owned. With an average unit sales volume of $217,000, the company plans on being the first in its segment to premiere network television advertising in April in a national feed out of New York, according to Roger Stout, senior vice president. Franchise fee for a TCBY is $20,000; royalties and advertising are 4% and 3% of sales, respectively. Only single-unit franchises are granted.

Smaller regional chains, such as Heidi's Frogen Yozurt, based in Laguna Hills, CA; Zack's Famous Frozen Yogurt Inc. in Metairie, LA; and Everything Yogurt in Staten Island, NY, are all doubling sales volumes and in some cases tripling unit growth since 1986.

And as the U.S. market becomes more saturated with both mom-and-pop yogurt operations and yogurt chains, many operators are looking toward overseas expansion. J. Higby's Yogurt, based in Sacramento, CA, has 88 units open or under construction in the U.S. but has sold 2,009 franchises in Japan, Singapore, and Canada, with another 250 units slated in South Korea. Initial franchise fee is $20,000; royalties and advertising contribution are 4% and 2.5% of sales, respectively.

Recently, Higby's introduced a hard-pack formula this January, with the ability to hold like premium ice cream, in vanilla, chocolate, and strawberry. Says Richard Crosby, vice president of finance: "The problem with selling frozen yogurt from the machine by the pint or quart is that it only holds for 48 hours. But we're looking at adding eight to 12 more exotic flavors in the hard-pack formula, which will increase our take-out sales."**–Dolores A. Long**

MIXINS
How to Order the Mixin
Steve's Ice Cream
Chocolate
Coffee
VANILLA
HOT FUDGE
Steve's Ice Cream Pies
DRINKS AND OTHER CONCOCTIONS

STEVE'S ICE CREAM: *"Mixins" and gourmet flavors are central to the concept.*

AMY REICHMAN

DONUT

■ OPERATORS ARE ADDING NEW MENU ITEMS TO FOSTER CUSTOMER INTEREST AND DAYPART EXPANSION.

This decade has seen a dramatic repositioning of the traditional donut shop. Once a one-product outlet that catered to the breakfast audience, the donut shop has changed, now offering a variety of baked goods as well as fast-food items to cater to a broader audience throughout the day.

With the entry of the giant fast-food chains into the breakfast sector, and the proliferation of bakery/deli sections at local supermarkets, donut operations could no longer rely on a shrinking pool of breakfast daypart customers. Today, donut chains are surviving the ever-increasing competition by introducing a more varied menu mix and stepping up their marketing efforts in order to attract more customers.

Dunkin Donuts, founded in 1950 with one shop in Quincy, MA, and now the largest chain in the franchise donut segment with more than 1,500 units in the U.S. and 13 foreign countries, began positioning for the future back in 1984. Since then, the company has introduced various new products such as cookies, brownies, muffins, and croissants; boosted advertising and distribution efforts; remodeled stores; and, most recently, contracted with a major soft drink company to boost its soft drink sales and attract an even larger slice of the young adult market. Adding convenience features such as drive-thru windows and express service counters, as well as separate dining areas, was all part of the company's concerted effort to boost sales past $648 million, an average of $454,000 per unit.

Dunkin Donuts' initial franchise fee is $40,000, with royalties set at 4.9% of sales and advertising contribution pegged at 5% of sales. Only single-unit franchises are granted; franchisees must have cash assets of about $100,000.

THE STANDARD. Dunkin Donuts set the standard for the segment, and countless regional chains have followed suit. Notes Peter Johnson, director of marketing for 650-unit Mister Donut of America Inc., based in Minneapolis: "In the past six to nine months, we've been using more aggressive marketing—we're going after the business. Our marketing direction has changed from a point-of-sale approach to the aggressive use of radio and television in markets where the previous emphasis was on print and direct mail."

The chain, the second largest in the donut sector with units in the Midwest and eastern U.S., introduced its "fast feeder" concept last year, a self-service, fast-food-style line with separate seating, which is designed to serve more people in a shorter amount of time.

Explains Johnson: "With severe labor problems in the markets we serve, it's increased our productivity dramatically, and the bulk of our units are being remodeled using this concept." Approximately 125 units have the service concept.

In addition, about 25% of the menu mix is now comprised of baked goods such as brownies, cinnamon rolls, gourmet cookies, danish pastries, filled croissants, and breads, with a marketing emphasis in 1986 on the baked-good variety available at a Mister Donut.

Franchising growth will be concentrated in U.S. markets that are not fully penetrated. The chain also views Canada as an important expansion market. Mister Donut's initial fee is $20,000. Royalties are 4.9% and the franchisee must also pay 0.5% of weekly sales towards the chain's advertising efforts.

DONUT SHOPS (22 franchisors)

	Sales ($000)			Units		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
1986	$1,198,144	$290,706	$907,438	3,510	1,036	2,474
1987*	1,315,097	293,768	1,021,329	3,702	1,012	2,690
1988*	1,489,026	307,090	1,181,936	3,983	1,006	2,977

** Estimated by respondents.*

Although much smaller in size, with 25 units throughout Southern California, Donut Inn, Woodland Hills, CA, is going the same route, adding new bakery products such as muffins, brownies, and jumbo cinnamon rolls.

Says director of marketing Susan Ramirez: "Traditionally, we've had a heavily male customer base, but we're experiencing more appeal to women now because of our expanded bakery line. Our concept glorifies the donut—we have 72 varieties altogether—but pastries and other baked specialties help position our product as upscale."

The chain aggressively uses outdoor billboard advertising, local newspaper couponing, and an ongoing community relations effort in support of its franchisees. This past December, store managers tried a different way of packaging product to boost holiday sales with "Mrs. D's Gift Baskets," pre-ordered packages featuring donuts and other baked products for pick up or delivery at Donut Inn units.

Donut Inns are franchised on a single-unit basis, with franchisees paying a $20,000 initial franchise fee and 5.5% of sales in royalty fees; in addition, 3% of sales are kicked into the advertising fund.

The "fast pack" promotion tried by Winchell's Donut Houses, a division of Denny's Inc. based in La Mirada, CA, also targeted a convenience appeal for customers. Twelve of its cake donuts were prepackaged in a cellophane tray for easy pickup at any of the chain's 750 units, 60 of which are franchised. Single-unit franchises are available with an initial fee of $30,000; royalties and advertising contribution are 5% and 3% of sales, respectively.

The company reports that the chain's testing of other freshly baked products such as croissants, cinnamon buns, danish, turnovers, and cookies in its Las Vegas market last year is an effort to "increase customer counts." All bakery products are baked on-premise using frozen dough.

FURTHER AFIELD. Because the lunch daypart captures the largest share of the young adult market, according to a 1987 survey commissioned by the National Restaurant Association, some of the donut chains are going even further afield from their breakfast and baked goods roots to attract lunch business.

Cedar Rapids, IA-based Donutland Inc., with 25 franchised units and three company units, has recently added a sandwich program featuring deli-type sandwiches on croissants, according to Donutland president Mike Nichols.

"We hope this helps build our afternoon business and fill in the evening void. We've seen some increase in business thus far, but it's not been astronomical."

DONUT INN: *"Mrs. D's Gift Baskets" boost sales during holiday periods.*

Donutland has also revamped its units with more contemporary decor, featuring neutral colors rather than the old orange-and-yellow color scheme. The company plans to add between five and eight additional units in 1988.

Tastee Donuts, a 55-unit chain based in Metairie, LA, added burgers to its menu in 1985, making Tastee Donut "a place to have lunch," according to marketing director Linda Sanapadre. Recent innovations have included drive-thru windows in new units, a kids' meal package, and new menu items such as chili to draw more business from various markets.

Dawn Donuts, based in Flint, MI, with 62 units, 33 of them franchised, is also testing deli items such as soup and sandwiches to increase its product offerings. The chain occupies a unique niche in the segment thanks to the shared-site arrangement it enjoys with a number of gasoline operators, occupying space on the same pad as the gas station.

"Many of our efforts to add new units have been aimed at gasoline operators who want to offer donuts and small convenience items," notes Bill Morin, director of franchising. As the first major donut chain operation to joint-venture with gasoline stations, Dawn Donuts is presently looking at ways to expand into the afternoon and evening dayparts with new menu items, and is negotiating with a fast-food concern to joint-venture on future locations.

Says Morin: "We think of our units as miniature 7-Eleven Centers, because they're convenience stores, but on a smaller scale." The company grants single- or multi-unit franchises with a $15,000 initial franchise fee, and charges 4.5% of sales in royalty fees and up to 4.5% of sales as an advertising fee.**–D.A.L.**

C-STORE

CONVENIENCE STORES ARE GIVING THE FAST FEEDERS A RUN FOR THEIR COMPETITIVE MONEY.

The convenience store segment has become a major competitor of the restaurant industry, as an increasing number of "c-store" operators find that adding fast-food items to their lists of offerings is extremely profitable. The National Association of Convenience Stores estimates that gross profit on fast-food items is around 47%, compared to 35% on groceries and 7.3% on gasoline. The Department of Commerce reported more than 16,000 convenience stores in the franchised sector in 1986, with total sales of more than $12 billion.

MANNA FROM HEAVEN. Comments Max Fillmore, manager of a Flying J c-store in Ogden, UT, and president of the Utah Restaurant Association: "Fast food is like manna from heaven for a convenience outlet. A convenience store might be making a 25% gross profit on most of its items. Now they put in a delicatessen, and even though the deli might add only 15% in sales, the total profit margin jumps from 25% to 35%."

Although the segment first entered the foodservice arena back in the 1960s when Southland Corp.'s 7-Eleven stores began offering the Slurpee frozen beverage, c-stores are quickly accelerating into other dayparts. "The whole foodservice area is the hottest category in the c-store industry today," admits Tom Campbell, president of C-Store Concepts, a consulting firm based in a suburb of Dallas. "Every operator we see, independent or chain, is getting into foodservice, with an emphasis on evolving into different meal segments."

Johnny Quik Food Stores, a chain based in Clovis, CA, licenses its name to operators from Bakersfield to Marysville, CA. Brothers George and Ernest O. Beal launched the concept two years ago and have a dozen stores in operation, with an additional 10 new units planned for this year.

George Beal reports that between 30% and 35% of Johnny Quik sales come from fast food: "We don't offer anything in the way of deli foods, but stick to the hot dog and hamburger line, as well as pizza by the slice and what we call our 'take and bake' whole pizza program." Johnny Quik requires an initial franchising fee of $35,000 to $75,000, plus royalties of 10% of gross sales. Minimum cash requirement for a single-unit franchise is $110,000.

The White Hen Pantry chain, Elmhurst, IL, with 351 units in the Midwest and Northeast, "doesn't have much variety in foodservice," notes spokesperson Al Davis, but gets mileage out of its deli counter featuring freshly made sandwiches. "We're just your good old-fashioned convenience store—no bakery, no ovens," notes Davis. "But last year we introduced a double-stuffed sandwich on a French roll to our sandwich line."

ADVENTUROUS. Convenient Food Marts, based in Rosemont, IL, with 1,500 units, has been more adventuresome in the fast-food arena, with "quite

CONVENIENT FOOD MART: *an "adventurous" foodservice program.*

Item	1986	1987*	1988*	Percent Changes	
				1986-87	1987-88
Company-owned	8,974	9,245	9,598	3.0	3.8
Franchisee-owned	6,550	7,053	7,613	7.7	7.9
Total number of units	**15,524**	**16,298**	**17,211**	**5.0**	**5.6**
Company-owned	$6,732,322	$7,283,403	$7,857,425	8.2	7.9
Franchisee-owned	4,546,573	5,042,075	5,704,130	10.9	13.1
Total sales of products and services ($000)	**$11,278,895**	**$12,325,478**	**$13,561,555**	**9.3**	**10.0**
Merchandise (non-food) for resale	$90	$95	$100	5.6	5.3
Supplies (such as paper goods)	59	65	73	10.2	12.3
Food ingredients	225,556	247,902	272,524	9.9	9.9
Other	3,400	3,700	4,000	8.8	8.1
Total sales of products and services by franchisors to franchisees ($000)	**$229,105**	**$251,762**	**$276,697**	**9.9**	**9.9**

** Estimated by respondents.*

a few things going," says senior marketing vice president Marty Venturini.

"Ten test stores are featuring a fresh-baked muffin program using frozen dough delivered to the unit and baked on-premise. Our objective is to present a fresh, high-quality bakery program. We're also looking at brownies using a unique recipe, not just institutional batters." Once units are outfitted with convection ovens, the foodservice options will increase. The chain is looking at introducing pizza, cheese-coated breadsticks, and hot pocket sandwiches.

Venturini reports that fast-food service varies greatly throughout the chain "as stores are remodeled or new stores add foodservice equipment. We're expanding our offerings as long as the customers are demanding it. We're finding that people want what we call 'finger foods,' things they can eat with one hand, or that can be eaten in cars."

To strengthen its position in the Pacific Northwest, Convenient Food Marts acquired the 55-unit Minit Mart Quick Shop chain based in Vancouver, WA, with 47 franchised and seven company-owned stores in the Vancouver and Portland, OR, markets. Notes Maury O'Connell, vice president of franchise development for Convenient: "As we're remodeling our units, and encouraging franchisors to remodel theirs, we're encouraging them at the same time to try new products in the foodservice area. We want them to add more grocery items, fresh produce, and deli items, and to increase their fast-food offerings."

Minit Mart Quick Shop is in the process of adding deli cases to showcase meats and cheeses for Convenient Food Mart's "Deli Supreme Sandwich" line, featuring five types of submarine sandwiches. Says O'Connell: "As these units are being remodeled, we're putting in a special unit for preparing chicken and potatoes." The Minit Marts will also be rolling out Convenient's hot muffin program throughout 1988, featuring 10 varieties of baked-on-premise muffins.

O'Connell notes that cash requirements for a Convenient Food Mart franchisor include a $15,000 franchise fee, and about $35,000 for opening inventory; financing is available for the approximately $100,000 required for furniture, fixtures, and equipment. Of the 5% monthly sales royalty, Convenient kicks back 1% to the operator for advertising.

Dallas-based 7-Eleven, a chain of 8,000 convenience grocery stores, 40% of which are franchised, predominantly operates along the West Coast and in the Northeast, but has a smattering of stores in major Midwestern markets.

Publicity manager Don Cowan reports that the chain is committed to increasing public awareness of its units as fast-food purveyors: "Customers today are definitely aware that we are in the foodservice business."

Since the 1970s, when the chain first introduced deli sandwiches, 7-Eleven has expanded with such offerings as hamburgers, cheeseburgers, and a hot ham and cheese sandwich.

Spokesperson Pat Lagow reports that the latest fast-food entry, "The Works" complimentary condiment bar, is currently in all company stores, but there are no plans to expand the concept to franchised stores, primarily due to parent Southland Corp.'s recent leveraged buyout. The Works holds between 10 and 15 items such as onions, relish, cheese, chili, and hot sauces for garnishing any sandwiches and hamburgers.

The company has ended cooperative joint-venture tests with Hardee's and Church's Fried Chicken, but is still testing a a joint venture with Dunkin Donuts and Winchell's Donuts. And 10 7-Eleven stores in the Washington, DC, area have introduced "The Greeting Express" electronic machine featuring specialty food items and packaged goods.

After paying, on a national average, a franchise fee of $43,000, a 7-Eleven franchisee splits gross profits with the company on a 52-to-48% basis, with the franchisee retaining 48%.

Although c-stores are already tapping the breakfast, luncheon, and snack markets, the dinner-hour segment is still wide open. Says Tom Campbell: "An enormous opportunity exists for c-stores to offer take-home, ready-to-consume, freshly prepared whole dinners. And because a c-store offers a lot more than a McDonald's in terms of other retail items, customers are attracted to this [illegible] shopping. It's not a far-fetch[illegible] **A.L.**

RESTAURANT FRANCHISING IN THE ECONOMY

■

STEADY GROWTH CONTINUES IN SALES, EMPLOYMENT, UNITS, AND INTERNATIONAL EXPANSION.

This article was prepared by Andrew Kostecka, based on an annual report by the U.S. Department of Commerce. Top 30 data was compiled by Restaurant Business.

Now an entrenched force in the U.S. economy, franchising continues its steady growth in sales, employment, units, and international expansion, offering tremendous opportunities to individuals seeking their own businesses and companies looking for wider distribution for their products, systems, and services. Franchising has become so powerful in part because economic factors have made growth through company-owned units difficult for many businesses. In addition, franchisees are enjoying a competitive edge over other small-business entrepreneurs by the use of trade names, marketing expertise, acquisition of a distinctive business appearance, standardization of products and services, training, and advertising support from the parent.

Franchising represents the small entrepreneur's best chance to compete with giant companies that dominate the marketplace. Without franchising, thousands of small businesspeople would never have had the opportunity to own their own businesses.

MAJOR ACTIVITY	Firms
Chicken	33
Hamburgers, Franks, Roast Beef	111
Pizza	105
Mexican	36
Seafood	17
Pancakes, Waffles	12
Steak, Full Menu	117
Sandwich and Other	57
TOTAL	**488**

** Estimated by respondents.*

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TOTAL	**488**

** Estimated by respondents*

Franchising sales of goods and services in more than 509,000 outlets are expected to reach almost $640 billion in 1988, about 7% higher than a year earlier and about 91% over the level of sales at the start of the 1980s. Employment in franchising, including part-time workers and working proprietors, was 6.5 million in 1986 and will probably reach more than 7.3 million by the end of 1988. Movement by U.S. franchisors to foreign markets continues to grow at a rapid rate; in 1986 there were 354 U.S. franchisors with over 31,600 outlets located in most countries.

Product and trade-name franchising, including automobile and truck

RESTAURANT FRANCHISING, 1986-1988
SALES ($000)

1986			1987*			1988*		
Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
$4,375,275	$1,705,208	$2,670,067	$4,821,580	$1,850,141	$2,971,439	$5,442,603	$2,064,090	$3,378,513
25,158,486	6,398,080	18,760,406	27,257,232	6,662,933	20,594,299	29,999,331	7,233,836	22,765,495
7,459,493	2,916,096	4,543,397	8,126,293	3,171,192	4,955,101	9,152,448	3,516,405	5,636,043
2,889,490	1,594,729	1,294,761	3,078,981	1,682,443	1,396,538	3,342,253	1,797,775	1,544,478
1,363,710	802,535	561,175	1,479,704	875,194	604,510	1,689,180	1,001,510	687,670
1,203,357	401,143	802,214	1,308,610	429,865	878,745	1,452,450	468,300	984,150
9,046,395	4,895,423	4,150,972	9,811,267	5,259,970	4,551,297	10,899,728	5,715,234	5,184,494
			956,327	95,162	861,165	1,253,126	130,813	1,122,313
$52,273,863	$18,803,699	$33,470,164	$56,839,994	$20,026,900	$36,813,094	$63,231,119	$21,927,963	$41,303,156

RESTAURANT FRANCHISING, 1986-1988
NUMBER OF UNITS

1986			1987*			1988*		
Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
8,968	3,149	5,819	9,391	3,218	6,173	9,888	3,332	6,556
31,511	6,870	24,641	33,031	7,047	25,984	35,105	7,382	27,723
16,221	5,292	10,929	17,739	5,769	11,970	19,912	6,342	13,570
4,460	2,057	2,403	4,733	2,110	2,623	5,119	2,227	2,892
2,518	1,438	1,080	2,684	1,552	1,132	2,917	1,681	1,236
1,830	603	1,227	1,921	625	1,296	2,069	658	1,411
9,628	4,672	4,956	10,044	4,789	5,255	10,904	5,066	5,838
3,067	283	2,784	3,788	288	3,500	4,875	339	4,536
78,203	24,364	53,839	83,331	25,398	57,933	90,789	27,027	63,762

deals and gasoline service stations, is characterized by an independent sales relationship between supplier and dealer. Total sales by product and tradename franchisors are expected to reach an estimated $450 billion in 1988, compared with $430 billion in 1987 and $414 billion in 1986. Since 1972, the establishment of product and trade-name franchisors declined at a rapid rate; for example, there was a net loss of almost 111,000 gasoline service stations between 1972 and 1987 alone. The attrition rate of service stations is expected to slow in the next few years, and in 1988, the number of these establishments is expected to decline to 140,820—from 144,571 in 1987 and 149,313 in 1986.

Business format franchising, on the other hand, is characterized by an ongoing business relationship between franchisor and franchisee that includes not only the product, service, and trademark, but the entire business concept itself—a marketing strategy and plan, operating manuals and standards, quality control, and a continuing process of assistance and guidance. Restaurants fall into this category.

Business format franchising has been responsible for much of the growth of franchising in the U.S. since 1950 and will continue to offer opportunities for those individuals seeking their own businesses.

The volume of sales and the number of units owned or franchised by business format franchisors have been steadily on the rise since 1972. Sales of business format franchisors are expected to reach almost $190 billion in 1988, compared with $170 billion in 1987 and $156 billion in 1986. In contrast to product and trade-name franchises, the number of establishments of business format franchisors is ex-

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THE FRANCHISING ECONOMY

FRANCHISEES HAVE A COMPETITIVE EDGE OVER INDEPENDENTS.

pected to increase to over 368,000 in 1988, compared with 334,516 in 1987 and 312,810 in 1986.

The number of business format franchisors offering their products and/or services to prospective franchisees has also been rising steadily since 1972, and this upward trend is expected to continue for the remainder of the 1980s, as more companies expand their distribution through franchising.

DOMINANT. Large franchisors, those with 1,000 or more units each, continue to dominate business format franchising, with 56 companies accounting for 48% of all sales and 49% of all establishments in 1986. The total number of outlets reported by these large franchisors stood at 154,328, with sales of $74.1 billion. Fourteen of these large franchisors were engaged in restaurants and nine were in automobile products and services.

Sales of products and services by business format franchisors to their franchisees totaled $9.7 billion in 1986 and might rise to about $11.8 billion by 1988. Franchisor sales of merchandise for resale were largest in the non-food retailing category—$4.2 billion in 1986—followed by automotive products and services at $2.1 billion. Franchising sales of food ingredients amounted to $2.2 billion in 1986, of which $1.2 billion went to restaurants and $712 million to food retailers other than convenience stores.

Franchising, still in a relative state of infancy compared to the life span of

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INTERNATIONAL RESTAURANT FRANCHISING IN 1986
LOCATION AND NUMBER OF UNITS*

	U.S. Firms	Total	Canada	United Kingdom	Europe	Japan	Other Asia	Australia	New Zealand	Africa	Caribbean	Mexico	Central America	South America
Chicken	7	1,982	15	327	35	634	232	255	46	190	146	72	16	14
Hamburgers, Franks and Roast Beef	13	3,461	1,171	253	570	772	266	241	26	0	64	3	39	56
Pizza	17	863	399	19	36	62	33	171	40	8	47	27	21	0
Mexican	5	107	92	1	1	0	1	10	0	0	0	0	0	2
Seafood	3	11	7	0	0	4	0	0	0	0	0	0	0	0
Pancakes, Waffles	2	18	3	0	0	13	2	0	0	0	0	0	0	0
Steak, Full Menu	16	291	162	8	0	63	17	14	0	0	8	19	0	0
Sandwich, Other	2	36	20	0	0	0	1	0	0	0	15	0	0	0
Total	65	6,769	1,869	608	642	1,548	552	691	112	198	280	121	76	72

** Includes company-owned, franchisee-owned and joint ventures.*

U. S. FRANCHISED RESTAURANTS SUMMARY

Item	1986	1987*	1988*	Percent Changes 1986-87	Percent Changes 1987-88
Company-owned	24,364	25,398	27,027	4.2	6.4
Franchisee-owned	53,839	57,933	63,762	7.6	10.1
Total number of units	78,203	83,331	90,789	6.6	8.9
Company-owned	$18,803,699	$20,026,900	$21,927,963	6.5	9.5
Franchisee-owned	33,470,164	36,813,094	41,303,156	10.0	12.2
Total sales of products and services ($000)	$52,273,863	$56,839,994	$63,231,119	8.7	11.2
Merchandise (non-food) for resale	$162,269	$177,092	$220,590	9.1	24.6
Supplies (such as paper goods)	292,023	274,332	533,500	-6.1	94.5
Food ingredients	1,240,183	1,299,326	1,467,839	4.8	13.0
Other	55,165	60,366	67,042	9.4	11.1
Total sales of products and services by franchisors to franchisees ($000)	$1,749,640	$1,811,116	$2,288,971	3.5	26.4

** Estimated by respondents.*

For more information on Treasure Isle circle number 285 →

THE FRANCHISING ECONOMY

SMALL ENTREPRENEURS CAN COMPETE WITH GIANT COMPANIES.

other marketing methods, has played an important role in the evolution of the service sector of the American economy. All trends indicate that franchising will continue to expand rapidly.

- Rising personal income, stable prices, high levels of consumer optimism, and increased competition for market share are turning many companies, both small and large, to franchising. Over 500 companies have become franchisors in the two-year period ended in 1987, and this growth trend is expected to continue for the next few years. Franchising can enable these new franchisors to saturate existing markets or penetrate new markets at minimal cost.
- Education will play an important role in the evolution of franchising as programs related to franchising are increasingly being taught in current courses in marketing and business.
- A slowly growing U.S. population, shifting demographic patterns, and the use of new technology has intensified competition among franchising companies. These factors have increased the number of mergers and acquisitions in the franchising system and it is expected that this will persist during the next few years.

Some specific franchise areas in foodservice that bear scrutiny in the 1990s are quick lube and oil change centers, diet services, beauty salons, maid services, temporary help services, carry-out restaurant services, and expansion by U.S. franchisors to foreign markets throughout the world.

Penetration into foreign markets by American franchisors continues to grow, enabling them to expand and gain international recognition of their services, trade names, trademarks, and products. In 1986, 354 U.S. business format franchisors operated 31,626 outlets in most countries of the world; this compares with 342 franchisors with 30,188 outlets a year earlier. American franchisors have never been more competitive, as markets in many foreign countries are increasingly exhibiting the same attributes that fostered the franchising surge in the U.S.

These attributes include the rising demand for consumer goods and services, expanding urbanization, increasing mobility, rising disposable income, and the shifting of emphasis from manufacturing to services.

There are a number of ways to enter foreign markets: franchising directly

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U.S. FRANCHISED RESTAURANTS*
NUMBER OF ESTABLISHMENTS BY STATE: 1986

State	Total	Company-Owned	Franchisee-Owned
Alabama	1,242	319	923
Alaska	127	19	108
Arizona	1,240	416	824
Arkansas	741	130	611
California	8,527	2,488	6,039
Colorado	1,317	329	988
Connecticut	601	114	487
Delaware	181	83	98
District of Columbia	157	80	77
Florida	4,222	1,571	2,651
Georgia	2,457	1,033	1,424
Hawaii	269	101	168
Idaho	245	23	222
Illinois	3,379	1,195	2,184
Indiana	2,204	652	1,552
Iowa	1,137	216	921
Kansas	1,018	285	733
Kentucky	1,506	407	1,099
Louisiana	1,233	485	748
Maine	181	15	166
Maryland	1,135	443	692
Massachusetts	830	254	576
Michigan	2,919	923	1,996
Minnesota	1,373	356	1,017
Mississippi	750	146	604
Missouri	1,844	657	1,187
Montana	244	6	238
Nebraska	625	186	439
Nevada	344	112	232
New Hampshire	166	47	119
New Jersey	1,307	303	1,004
New Mexico	629	113	516
New York	2,422	608	1,814
North Carolina	1,957	468	1,489
North Dakota	193	13	180
Ohio	4,189	1,41-	2,779
Oklahoma	1,508	582	926
Oregon	798	145	648
Pennsylvania	2,430	850	1,580
Rhode Island	279	24	255
South Carolina	1,116	298	818
South Dakota	226	28	198
Tennessee	1,664	566	1,098
Texas	7,237	2,843	4,394
Utah	393	83	310
Vermont	61	4	57
Virginia	1,868	644	1,224
Washington	1,105	295	810
West Virginia	546	166	380
Wisconsin	1,459	355	1,104
Wyoming	189	21	168
TOTAL	**73,790**	**22,910**	**50,880**

** Represents 94% of total establishments. The remaining 6% were unable to provide a geographic breakdown for this report.*

← **For more information on Haverpride circle number 275**

THE FRANCHISING ECONOMY

MORE AND MORE COMPANIES ARE EXPANDING THROUGH FRANCHISING.

to individuals, company-owned operations, joint ventures, or master franchising. Many franchisors use more than one method in conducting foreign operations, but the most popular, least expensive, and fastest method is the master license technique. Of the 354 franchisors now operating in foreign countries in 1986, 329 sold their units to franchisees (either directly or through a master licensee who received the right to develop the franchisor's system in a specific country or region), 42 operated joint ventures, and 39 had some company-owned outlets. Thirty-one of the franchisors operating in foreign markets in 1986 reported that they derived 10% or more of their income from these international operations; 33 franchisors received between 5 and 9%; 119 received between 1 and 4%; and 171 received less than 1%.

The survey also revealed that an additional 228 franchisors have indicated that they are considering extending the operations to foreign countries by the end of 1989. This interest has been expressed mostly by small- and medium-sized franchisors, marketing a variety of services and products. Of the companies seeking foreign expansion,

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RESTAURANT FRANCHISING GROWTH IN SALES, 1982-1987 (SALES: $000)

Major Activity	Total Sales			Company-Owned			Franchisee-Owned		
	1982	1987*	% Change	1982	1987*	% Change	1982	1987*	% Change
Chicken	$2,947,512	$4,821,580	64	$1,109,122	$1,850,141	67	$1,838,390	$2,971,439	62
Hamburgers, Franks, Roast Beef	16,862,890	27,257,232	62	4,482,780	6,662,933	49	12,380,110	20,594,299	66
Pizza	3,740,072	8,126,293	117	1,419,723	3,171,192	123	2,320,349	4,955,101	114
Mexican	1,258,054	3,078,981	145	645,034	1,682,443	161	613,020	1,396,538	128
Seafood	1,372,485	1,479,704	8	755,800	875,194	16	616,685	604,510	-2
Pancakes, Waffles	893,625	1,308,610	46	277,994	429,865	55	615,631	878,745	43
Steak, Full Menu	6,708,742	9,811,267	46	3,229,808	5,259,970	63	3,478,844	4,551,297	31
Sandwich and Other	375,138	956,327	155	64,717	95,162	47	310,421	861,165	177
Total	**34,158,518**	**56,839,994**	**66**	**11,985,068**	**20,026,900**	**67**	**22,173,450**	**36,813,094**	**66**

** Estimated by respondents.*

RESTAURANT FRANCHISING GROWTH IN UNITS, 1982 - 1987

Major Activity	Total Units			Company-Owned			Franchisee-Owned		
	1982	1987*	% Change	1982	1987*	% Change	1982	1987*	% Change
Chicken	7,773	9,391	21	2,591	3,218	24	5,182	6,173	19
Hamburgers, Franks, Roast Beef	27,285	33,031	21	6,100	7,047	16	21,185	25,984	23
Pizza	10,629	17,739	67	3,700	5,769	56	6,929	11,970	73
Mexican	3,059	4,733	55	1,399	2,110	51	1,660	2,623	58
Seafood	2,840	2,684	-6	1,312	1,552	18	1,528	1,132	-26
Pancakes, Waffles	1,645	1,921	17	516	625	21	1,129	1,296	15
Steak, Full Menu	9,135	10,044	10	4,020	4,789	19	5,115	5,255	3
Sandwich and Other	1,810	3,788	109	379	288	-24	1,431	3,500	145
Total	**64,176**	**83,331**	**30**	**20,017**	**25,398**	**27**	**44,150**	**57,933**	**31**

** Estimated by respondents.*

THE FRANCHISING ECONOMY

LARGE FRANCHISORS CONTINUE TO DOMINATE BUSINESS FORMATTING.

50 are franchisors of business aids and services; 38 are restaurant franchisors; 37 are retailers of non-food products; and 34 are retailers of various food products and related services.

Canada, Japan, Australia, the United Kingdom, and continental Europe, especially France, West Germany, The Netherlands, and Belgium, are the areas where U.S. franchised units are most heavily concentrated. Franchisors are extremely attracted to these countries because they have relatively sophisticated economies, fewer governmental controls on investment than developing countries have, and generally high levels of prosperity.

Canada is the leading market for U.S. franchisors despite its declining share of U.S. foreign outlets. In 1986, 29% of all U.S. foreign outlets were located in Canada, down from a high of 46% in 1971. A total of 237 franchisors with 9,031 units operated in Canada in 1986.

Japan continues to be the second largest market for U.S. franchisors, with a total of 7,366 units, of which 72% represent various food categories such as restaurants, donut shops, ice cream stores, and convenience food stores.

Australia ranks third with 2,816 outlets, followed by the United Kingdom with 2,415. A total of 4,844 outlets are located in continental Europe.

Retailing dominates franchising, accounting for 87% of all franchising receipts in 1987. The retail sales of all firms associated with franchising reached about $522 billion in 1987, or 34% of all U.S. retail sales, estimated at $1.5 trillion.

The marketplace will continue to diversify, with specialty retail stores offering more services and providing an increasing array of new products. Apparel stores, especially stores that sell women's ready-to-wear clothing, should show considerable gains. However, an increase in mortgage interest rates may slow the construction of new homes and result in a less positive outlook for the sale of consumer durables.

RESTAURANTS. Franchise restaurants are faced with growing competition from within the industry and to a limited extent from supermarkets and specialty food stores that prepare take-out orders. Other competitors include department stores, which offer various options, ranging from fast-food outlets to expensive restaurants. Hotels also compete through service in dining rooms and as caterers.

Restaurant franchisors are reacting to intensified competition in a variety of ways. They are redefining their objectives and returning to their original concepts, concentrating on food sales, broadening their menus, and maintaining good customer relations.

To compete with other restaurant chains, many franchise operators have become more customer-oriented and are offering such amenities as waiter service, self-service, and drive-thru service. Most restaurants offer one type or the other; 20 franchisors offer both types of services, although one type clearly dominates.

Meanwhile, more and more franchisors continue to inaugurate home-delivery service to satisfy growing consumer demand. Home delivery is successful in fast food but is also spreading to upscale restaurants.

Sales of franchised restaurants of all types reached almost $57 billion in 1987, up 9% over a year earlier; they are expected to jump about 11%, to $63 billion in 1988. Franchised restaurants

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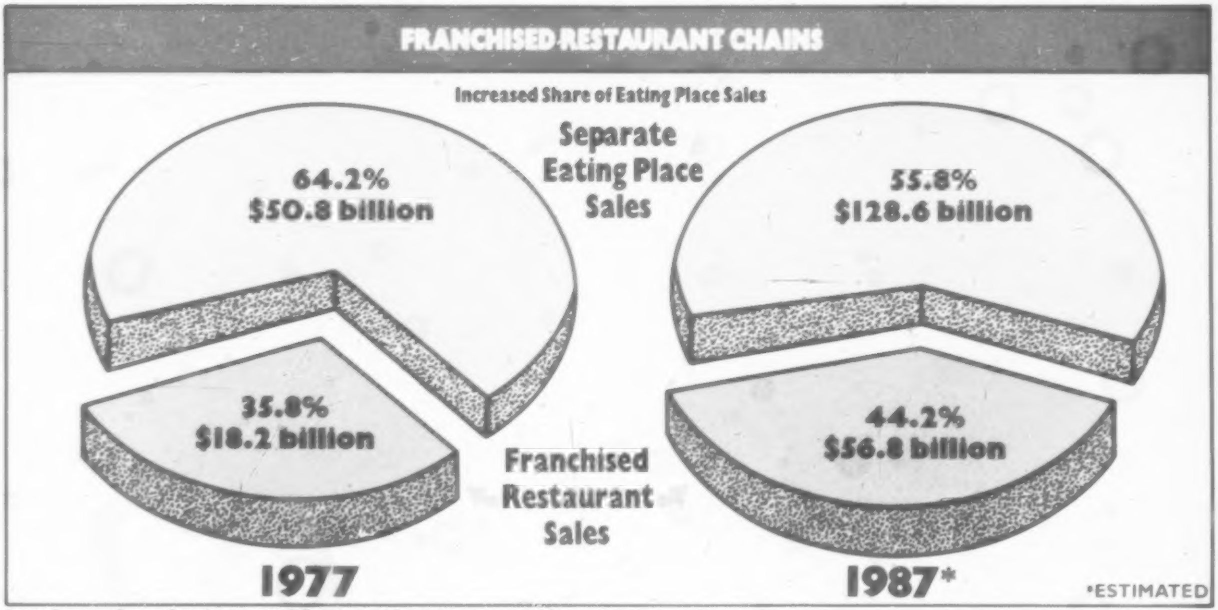
FRANCHISED RESTAURANT CHAINS



Source: Restaurant Business Growth Index and U.S. Department of Commerce

TOP 30 FRANCHISE RESTAURANT SYSTEMS
1986-87 Systemwide Sales

Chain Name (Parent Co.)	1987					1986	'86-'87
	Fiscal Year	Systemwide	Avg. Unit Volume	Company-Owned	Franchisee-Owned	Systemwide	% Total Change
1 **McDonald's**	12/87	$14,300	$1,443,000	$4,800	$9,500	$12,432	15.0
2 Burger King (Pillsbury Co. Inc.)	5/87	5,179*	1,092,000*	794*	4,385*	4,500	15.1
3 **Kentucky Fried Chicken (PepsiCo Inc.)**	12/87	4,100	659,000	1,036*	3,064*	3,560	15.2
4 Hardee's (Imasco Ltd.)	12/87†	3,100	878,000*	1,400	1,700	2,700	14.8
5 **Pizza Hut (PepsiCo Inc.)**	12/87	3,000	500,000	1,400	1,600	2,600	15.3
6 Wendy's	12/87	2,817*	767,000*	992*	1,825*	2,747	2.5
7 **Domino's Pizza**	12/87	1,906	483,000*	513*	1,393*	1,570	21.4
8 International Dairy Queen	11/87	1,894	385,000*	2*	1,892*	1,723	9.9
9 **Taco Bell (PepsiCo Inc.)**	12/87	1,502*	560,000*	825*	677*	1,350	11.3
10 Denny's (T.W. Services Inc.)	12/87	1,221	1,000,000	1,045	176	1,245	-1.9
11 **Arby's (Royal Crown Cola Inc.)**	12/87	1,000	541,000*	109*	891*	900	11.1
12 Big Boy (Elias Bros. Restaurants)	12/87	950	1,000,000	80	870	899	5.7
13 **Sizzler (Collins Foods Int'l. Inc.)**	12/87	750	1,420,000*	248*	502*	600	25.0
14 Long John Silver's (Jerrico Inc.)	6/87	737	525,000*	451	286	697	5.7
15 **Dunkin' Donuts**	10/87	729	437,000*	12*	717*	648	12.5
16 Little Caesar's	12/87	725	464,000*	176*	549*	520	39.4
17 **Shoney's**	10/87	719	1,255,000*	333	386	640	12.3
18 Ponderosa	2/87	675	1,060,000*	425	250	606	11.4
19 **Jack in the Box (Foodmaker Inc.)**	9/87	655	750,000*	512	143	584	12.2
20 Baskin-Robbins (Allied Lyons PLC)	12/87	654*	195,000*	36*	618*	575*	2.6
21 **Roy Rogers (Marriott Corp.)**	12/87	568*	1,000,000*	328*	240*	527*	6.8
22 Church's	12/87	580*	390,000*	418*	162*	578	-5.5
23 **Bonanza Restaurants (USACafes L.P.)**	12/87	530	904,000*	2	528	472	12.3
24 Western Sizzlin'	10/87	470	813,000*	4	466	445	5.6
25 **Popeyes (A. Copeland Interests)**	10/87	460	663,000*	80	380	409	12.5
26 Chi-Chi's	12/87	403	1,966,000*	274	129	390	3.3
27 **Village Inn (VICORP Restaurants Inc.)**	10/87	382	1,436,000*	283	99	351	8.8
28 Rax	7/87	358	702,000	107	251	329	8.8
29 **Captain D's**	10/87	343	617,000*	200	143	317	8.2
30 Perkins	12/87	342	1,033,000*	123	219	315	8.6

1986-87 Systemwide Units

Chain Name (Parent Co.)	1987			1986			'86-'87
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned	% Change
1 **McDonald's**	9,911	3,151	6,760	9,410	2,301	7,109	5.3
4 Burger King (Pillsbury Co. Inc.)	5,179	794	4,385	4,743	838	3,905	9.2
2 **Kentucky Fried Chicken (PepsiCo Inc.)**	7,522	1,901	5,621	6,575	1,922	4,653	14.4
9 Hardee's (Imasco Ltd.)	2,912	963	1,949	2,724	897	1,827	6.9
3 **Pizza Hut Inc. (PepsiCo Inc.)**	6,163	2,863	3,300	5,646	2,700	2,946	9.1
7 Wendy's	3,848	1,259	2,589	3,727	1,335	2,392	3.2
6 **Domino's**	4,279	1,109	3,170	3,605	953	2,652	18.7
5 International Dairy Queen	5,002	5	4,997	4,931	6	4,925	1.4
10 **Taco Bell (PepsiCo Inc.)**	2,682	1,473	1,209	2,171	1,160	1,011	23.5
16 Denny's (T.W. Services Inc.)	1,221	1,045	176	1,245	1,087	158	-1.9
11 **Arby's (Royal Crown Cola Inc.)**	1,848	202	1,646	1,683	191	1,492	9.8
17 Big Boy (Elias Bros. Restaurants)	950	80	870	899	170	729	5.7
26 **Sizzler (Collins Foods Int'l. Inc.)**	567	189	378	488	153	335	16.2
15 Long John Silver's (Jerrico Inc.)	1,420	887	533	1,388	844	544	2.3
13 **Dunkin' Donuts**	1,669	29	1,640	1,539	44	1,495	8.4
12 Little Caesar's	1,820	441	1,379	1,308	330	978	39.1
21 **Shoney's**	604	261	343	542	236	306	11.4
20 Ponderosa	657	400	257	616	430	186	6.7
18 **Jack in the Box (Foodmaker Inc.)**	897	639	258	849	670	179	5.7
8 Baskin-Robbins (Allied Lyons PLC)	3,398	189	3,209	3,311	184	3,127	2.6
24 **Roy Rogers (Marriott Corp.)**	583	344	239	553	345	208	5.4
14 Church's	1,486	1,072	414	1,532	1,135	397	-3.0
22 **Bonanza (USACafes L.P.)**	600	2	598	571	3	568	5.0
23 Western Sizzlin'	587	4	583	568	3	565	3.3
19 **Popeyes (A. Copeland Interests)**	730	112	618	658	112	546	10.9
30 Chi-Chi's	205	138	67	200	132	68	2.5
29 **Village Inn (VICORP Restaurants Inc.)**	272	141	131	259	136	123	5.0
27 Rax	520	156	364	498	153	345	4.4
25 **Captain D's**	574	332	242	537	305	232	6.9
28 Perkins	334	114	220	328	110	218	1.8

**Estimated by RB   † Hardee's changed from fiscal year 1986 ending March to fiscal year 1987 ending December*

NOTE: 1) Data includes international operations

2) Systemwide sales (company and franchise) are shown in ($000,000s)

3) Number next to company name indicates respective sales or unit ranking

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THE FRANCHISING ECONOMY

FRANCHISING OFFERS MANY NEW OPPORTUNITIES FOR GROWTH.

numbered 78,203 in 1986, increased to 83,331 in 1987, and are expected to rise to almost 91,000 in 1988. The highest concentrations of franchised restaurants continue to be in California, Texas, Ohio, and Florida.

Internationally, operations of franchised restaurants continued to grow in number of units in 1987, rising to 6,769 from 6,122 a year earlier. Canada accounted for the largest number of restaurants, followed closely by Japan. Restaurants with major activity in hamburgers, frankfurters, and roast beef accounted for the largest number of outlets, followed by chicken and pizza. Another 38 franchisors of restaurants plan to extend their operations to foreign countries by the end of 1989.

Employment in the franchised restaurant sector was 2,453,621 in 1986, up from 2,441,947 a year earlier, a rise of 5%. Employment in the franchised restaurant industry accounts for 38% of employment in the franchised system as a whole and should continue to rise in the next few years.

Furthermore, franchised restaurant employees accounted for an estimated 41% of all persons employed in eating places in the U.S.

There were 14 big franchisors with over 1,000 units each in 1986. Combined, they represented 57% of all restaurants in the franchise system, or 44,568 restaurants, of which 30,755 were franchisee-owned and 13,813 were company-owned. They also represented 62% of total franchised restaurant sales—$32 billion, of which $22 billion was by franchisee-owned units.

In 1986, a larger number of restaurants were converted to franchisee ownership than were repurchased for company operation. Most of the buybacks were temporary, with the companies intending to resell them to prospective franchisees at a later date.

During 1987, 19 franchisors with a total of 392 restaurants (329 franchisee-owned) went out of business, while 14 franchisors with a total of 180 restaurants (72 franchisee-owned) decided to abandon franchising.

FOOD RETAILING. The retailing of food by specialty food shops such as ice cream stores, coffee services, donut shops, bakeries, cookie shops, candy stores, and nut stores amounted to $11.1 billion in 1987, 3% over the previous year; sales in 1988 are expected to reach $12.1 billion. In 1988, the number of units is expected to rise to 23,647, a jump of 15% over the year before.

Two of the better-known groups in this category are donut shops and ice cream and yogurt stores.

Convenience food stores are an important factor in food retailing. Because of changing demographics and lifestyles, they have expanded rapidly, evolving into a large and sophisticated segment of food retailing. Many resemble scaled-down, modern supermarkets and offer on-premise foodservice facilities and self-service gasoline.

ENTRY INTO FOREIGN MARKETS BY U.S. FRANCHISORS CONTINUES.

Currently, c-store foodservice is becoming more important. Almost all convenience stores offer some type of foodservice, at least hot beverages and fresh pastries. Many stores offer a wide variety of foodservice items: hot and cold sandwiches, pizza, and hot dogs. Many stores have installed bulk soft drink (post-mix) dispensing apparatuses because of higher profit margins compared with bottled beverages.

Despite intensified competition from supermarkets offering extended hours and Sunday shopping, convenience store sales moved up 9% to $12.3 billion in 1987. The number of franchised stores in 1987 was reported to be 16,298, up 5%. Further gains are expected in 1988: 10% in sales and 6% in stores.

LEISURE AND TRAVEL. Americans are increasing their weekend and vacation travel, which, although affected periodically by changes in the economy, has grown steadily in recent years. Factors that have fostered this growth include expanded leisure time, rising disposable personal income, lower gasoline prices, and the mounting number of single-member households. With sales estimated at $21.8 billion in 1987, franchisors expect a 13% increase in 1988, to an estimated $24.7 billion. The number of establishments is also expected to increase from 17,462 in 1987 to 19,284 in 1988.

In 1986, 48% of hotel and motel users were traveling for pleasure, and this figure is expected to rise in the years ahead. The downward shift in the strength of the U.S. dollar against many foreign currencies has helped to increase domestic travel. The number of Americans expected to take a vacation trip will grow in 1988 as these trips get longer in both distance and duration. Franchising firms engaged in the recreation, entertainment, and travel business report estimated sales of $4 billion in 1987. In 1988, sales are expected to climb to $5 billion.

Occupancy rates in the lodging industry have been about 66% in 1987. The lodging industry is expecting occupancies to increase in 1988 to about 67%. Room rates are expected to increase at an average rate of 5 to 6% in 1988. Rates at the more popular all-suite properties and budget hotels are likely to rise more rapidly.

The economy's rate of growth, shifting demographic patterns, the use of new technology, government policies, and the availability of qualified personnel will influence the size and direction of the lodging industry over the next five years. The trend toward diversification in the accommodations offered by hotel chains is expected to continue, although at a somewhat slower pace. The greatest growth is expected to occur in all-suite properties and in economy properties that have limited space. Older citizens constitute a fast-growing segment of the population, and hotels are expected to launch more programs aimed at them.

Hotel, motel, and campground franchisors in 1987 represented 9,278 establishments, with receipts estimated at $17.7 billion. Receipts in 1988 are expected to rise 11%, reaching $19.7 billion. Total 1987 receipts for the lodging industry are estimated at $45.3 billion, of which 39% is accounted for by hotels and motels in the franchise system.—**A.K.**

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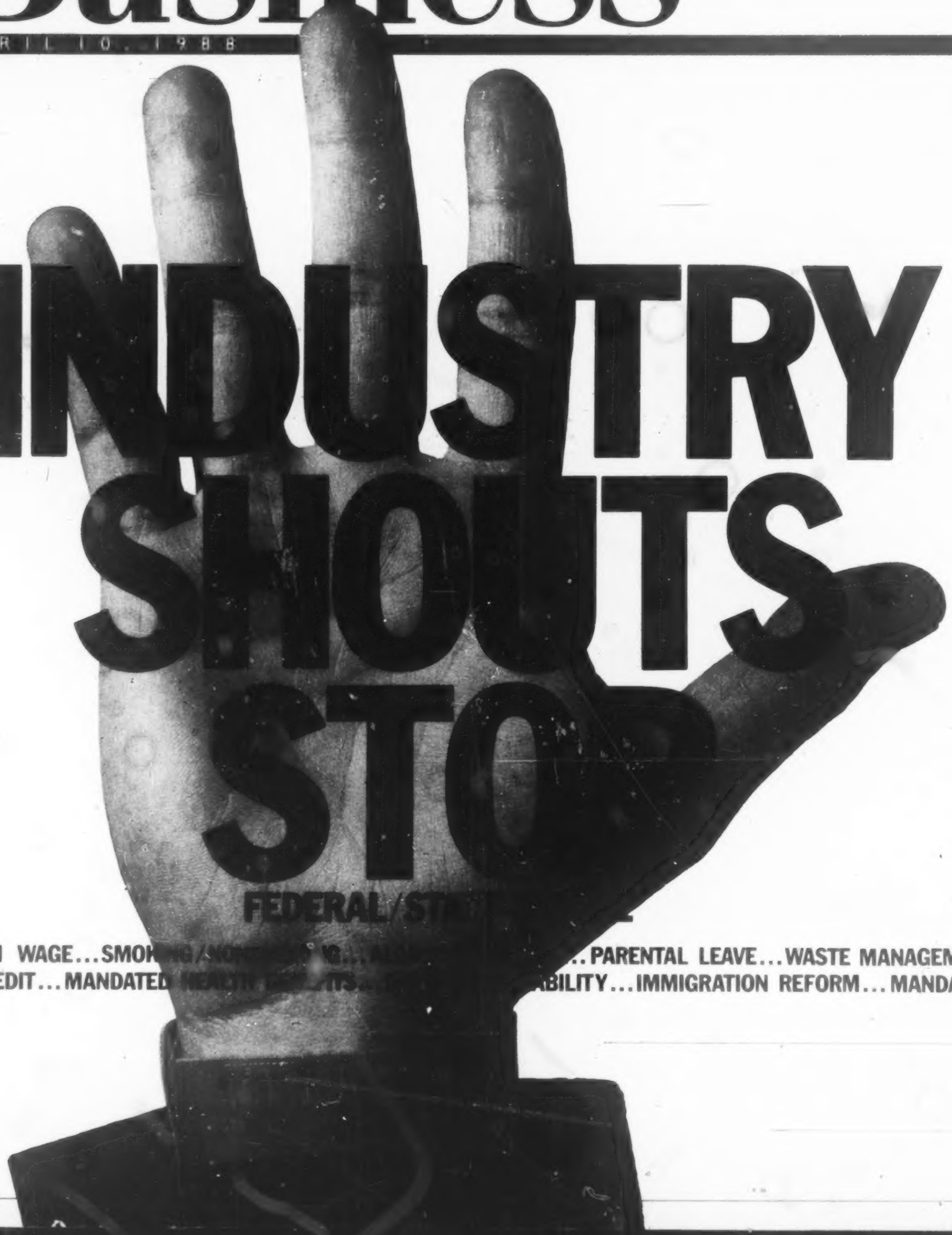
MARKET SEGMENT REPORT/**BAKERY/BAKE-OFF** PAGE 179

Restaurant Business

A BILL PUBLICATION

APRIL 10, 1988



INDUSTRY SHOUTS STO

FEDERAL/ST

NIMUM WAGE...SMOK ...PARENTAL LEAVE...WASTE MANAGEMEN
IP CREDIT...MANDATED ABILITY...IMMIGRATION REFORM...MANDATO

BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

CONSUMER ATTITUDES ON EACH

	% Agree	% Disagree
"I usually leave a tip no matter what."	64	22
"I would like it better if I was not expected to tip at restaurants."	34	45

SOURCE: National Restaurant Association Gallup Survey

Tipping Versus A Service Charge

Tipping became what pundits like to call a "flashing light" for restaurant operators when the new Social Security (FICA) tax on reported tip income took effect January 1. It means that operators must now pay tax on income that came from someone else—the diners (although operators are still prohibited from using that same tip income to meet minimum wage requirements). An alternative to the vagaries of trying to budget labor costs that include tips is the flat service charge. But, according to the National Restaurant Association's Gallup survey, service charges would not ingratiate most customers, who've been taught to tip.

WHO SHOULD PAY THE WAITER?

	% Agree	% Disagree
"Paying the waiter is the responsibility of the restaurateur, not the customer."	62	18
"Waiters should receive a guaranteed wage instead of tips."	59	23
"Under a service-charge system, waiters won't provide as good service as they do under a tipping system."	46	28

SOURCE: National Restaurant Association Gallup Survey

Who Gets to Give Gratuities?

Not only did the NRA/Gallup survey show that diners like tipping—each according to his own, personal formula—but they don't understand service charges. Forty-one percent equated service charges in restaurants with paying labor charges for appliance repairs. And 40% said a service-charge system was unfair to waiters; only 30% said it was fair. More important, almost half of the consumers questioned believed service would suffer under a service-charge system. Forty-five percent felt that a 15% to 18% service charge is "reasonable." Older diners seemed to prefer situations in which they were not expected to leave tips.

OPINIONS VARY BY CONCEPT

	% Like Service Charge	% Dislike Service Charge
Counter service at a coffee shop	12	76
Full-service moderately-priced, family-style restaurant	22	59
Full-service, expensive restaurant	48	34

SOURCE: National Restaurant Association Gallup Survey

Where Service Charges Are Acceptable

The bottom line: The more personal contact there is between customer and server, the less a diner is likely to want a service charge. So, restaurateurs considering replacing tips with a service charge may want to first judge how consumers will perceive their particular establishment based on its type of operation and clientele. They must also take the trouble to educate diners as to the true nature of a service charge, and assuage their fears that service will suffer as a result, and that they are somehow short-changing waiters by not placing some cash under the salt shaker when they leave.

CHARTS DESIGNED BY SHARI FANG

RESTAURANT BUSINESS

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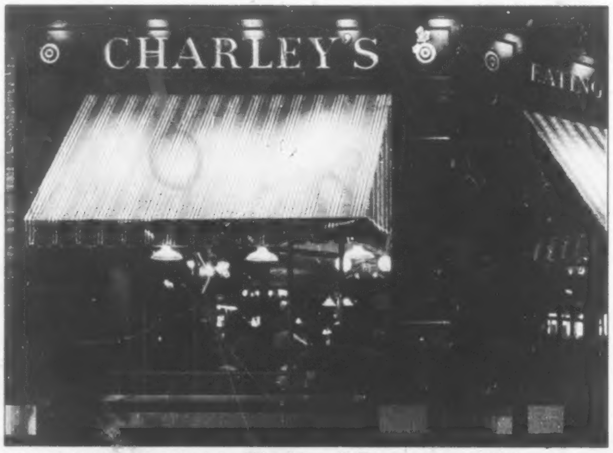

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OPENING THE WINDOWS OF OPPORTUNITY

A unit count survey helps operators screen markets for expansion strategies.

BY JAMES SCARPA

Detailed marketing studies are a key weapon in the battle for restaurant growth. To expand successfully, restaurant companies have to know where they stand in current and prospective markets. They must know the location and numbers of rival stores. Chains frequently find the answers to these questions from specialists in the generation and analysis of industry information. One such company is the Evanston, IL-based Restaurant Consulting Group Inc., producer of the RE-COUNT report.

RE-COUNT (Restaurant Count by Market) delineates the presence and count of chain and independent restaurant units for every market in the contiguous 48 states. It tracks more than 3,400 chains with over 138,000 units and more than 216,000 independents. It provides unit counts for the entire industry, broken down into census regions, states, ADIs, counties, and zip codes. It gives the number of units in 47 categories, classified by type of food and/or operational format.

OPEN POCKETS. "As an industry, we're pretty mature," says Bob Siegel, president of Restaurant Consulting Group. "The trick is to find those pockets that aren't saturated."

Unit counts can assist in that task. They can be used to assess the success potential of a new concept or food in an area. A survey of unit counts helps an operator screen a market for expansion and formulate strategy.

It may pay to introduce to new areas menu items that have proven popular elsewhere, or to expand the availability of items in use. Pioneering an unfamiliar concept or food in a market requires a large investment of time and effort. But the advantages of entering the market early are considerable: less competitive pressure and the potential to define the standards of the market.

TREND INDICATORS. Looked at another way, unit counts are indicative of restaurant industry trends. They can show the growth of market segments and the dynamics of competing chains and independents. This article discusses the industry's overall growth in 1987 and glances at the competitive trends in six market segments: pizza, ethnic menu, sandwich, hamburger, chicken, and family restaurants.

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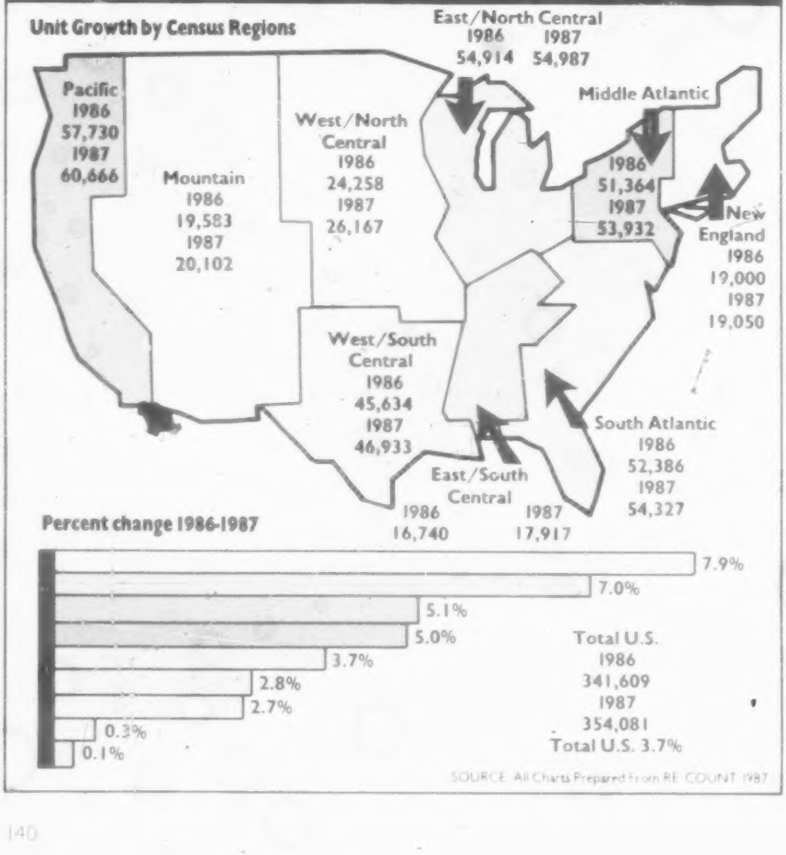
HEARTLAND IS CENTER OF ACTIVITY



SOURCE: All Charts Prepared From RE-COUNT 1987

RE-COUNT unit counts clearly show what operators in the field know quite well—competition is increasing. The total restaurant count of 354,081 units in 1987 represents an increase of 3.7% over the previous year. However, this marks a continued slowdown of the rate of expansion from the two prior years, which had 5% and 6% growth, respectively.

But, the increase is indicative of a continuing trend of oversupply. As Siegel puts it, "The incremental supply of restaurants is increasing faster than incremental demand for restaurants." In other words, the number of restaurants has risen faster than the number of households. In fact, the average number of households per restaurant has declined from 256 to 252, increasing the competition.

Chains matched their 1986 growth rate of 5%. Expansion of independents slowed considerably over the year, with a drop from 5% to 3%.

Units are classified by type of food and/or operation.

Unit counts indicate the dynamics occurring within market segments, too. Pizza restaurants and ethnic restaurants were the prime catalysts in the industry's 1987 growth, Siegel says. Combined, they accounted for more than one-half of all new restaurants this year.

The overall pizza market segment experienced an 8% increase in 1987 over 1986, largely due to the continuing boom in delivery and carry-out pizza. Within that segment, three major chains, Pizza Hut, Domino's, and Little Caesars, accounted for almost half of pizza growth, while independents claimed most of the balance.

The three major divisions of the ethnic segment continue to be hot. Oriental, Italian, and Mexican restaurants grew considerably faster than the industry average. Mexican restaurants grew by more than 7.2% in 1987, up from their 4% growth rate in 1986. Oriental restaurants grew by 7.9%, more

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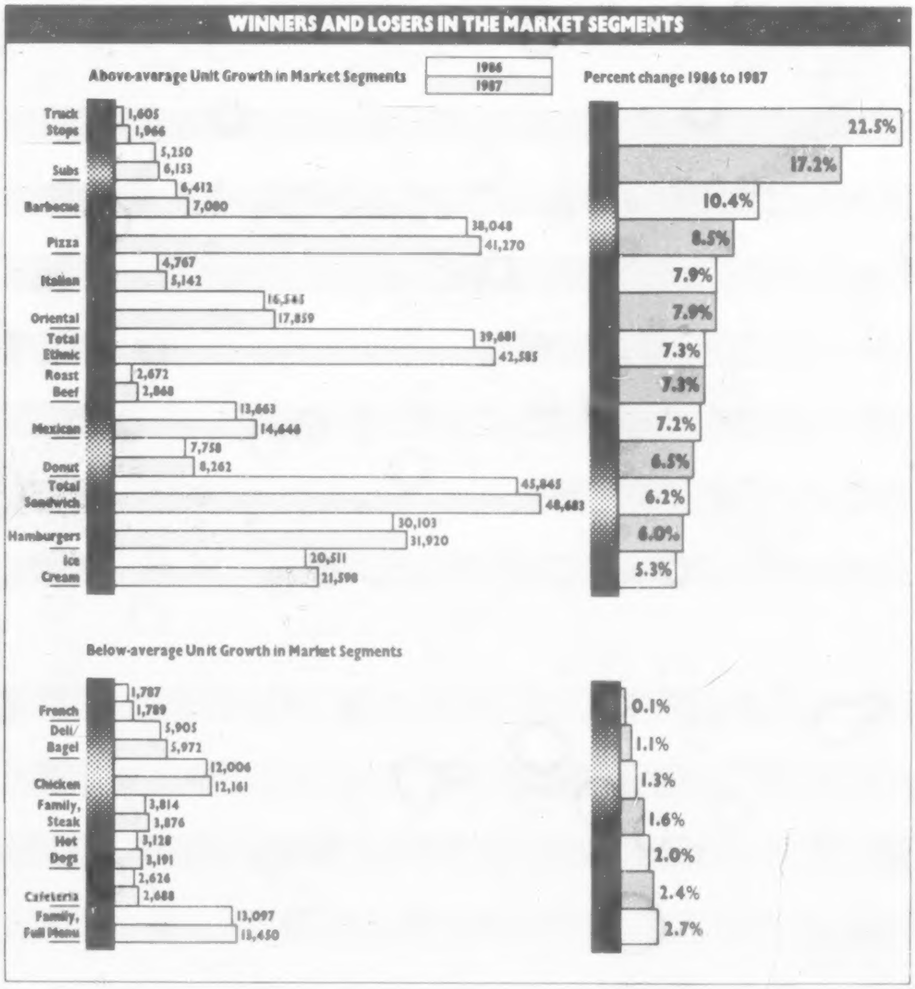
WINNERS AND LOSERS IN THE MARKET SEGMENTS



For more information on Treasure Isle circle number 285 →

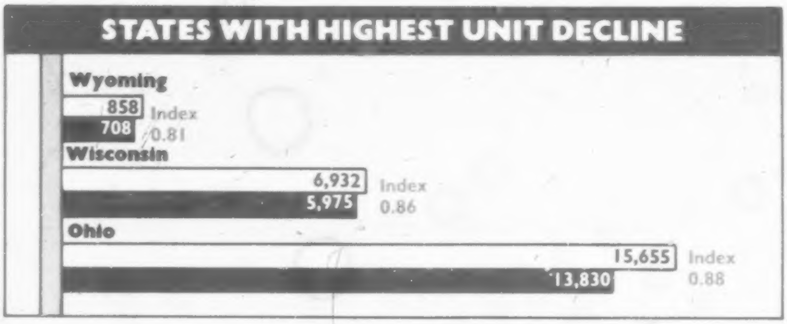
RE-COUNT tracks more than 3,400 chains and more than 216,000 independents.

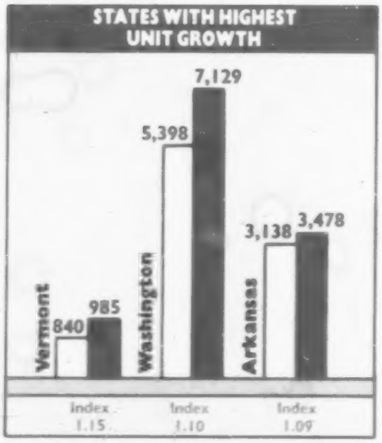
UNITED STATES — 1987

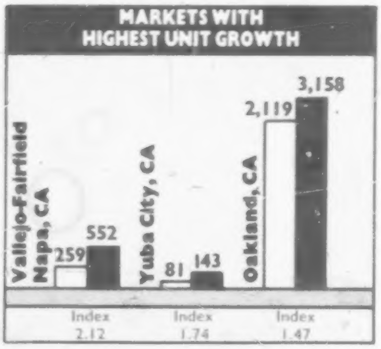
MENU CATEGORY	Total US	New England	Middle Atlantic	E/N Central	W/N Central	South Atlantic	E/S Central	W/S Central	Mountain	Pacific
Total Restaurants	354081	19050	53932	54987	26167	54327	17917	46933	20102	60666
Sandwich Menu	48683	1970	5225	8237	3559	8944	3203	6912	2929	7704
Hamburger	31920	965	2706	5389	2794	5349	2451	4994	2002	5270
Roast Beef	2868	109	529	656	160	638	175	220	186	195
Hot Dogs	3191	81	339	953	86	419	164	425	148	576
Subs	6153	551	1093	805	228	1553	149	598	362	814
Other Sandwich Menu	4551	264	558	434	291	985	264	675	231	849
Delicatessen/Bagel	5972	339	1343	639	263	926	241	447	264	1510
Chicken	12161	231	967	1906	715	2609	1018	2424	582	1709
Pizza	41270	2704	8275	8330	3148	5800	1755	3605	2188	5465
Fish/Seafood	9970	607	1134	1041	344	2644	763	1544	346	1547
Steak Menu	7997	284	892	1171	723	1726	636	1044	531	990
Family Steak	3876	91	326	627	316	1081	407	421	206	401
Upscale Steak	832	29	76	82	52	155	39	186	65	148
Unclassified Steak	3289	164	490	462	355	490	190	437	260	441
Ethnic Menu	42585	1601	6355	4945	2342	5172	978	5827	3003	12362
Mexican	14646	164	562	1478	994	1181	377	3308	1510	5072
Oriental	17859	862	3712	1990	932	2281	431	1693	903	5055
Italian	5142	328	1233	718	201	907	96	356	307	996
French	1789	109	264	155	53	324	20	145	109	610
German	518	15	78	111	37	68	15	41	33	120
Spanish	174	4	42	12	2	34	—	29	14	37
Greek	848	41	137	239	61	155	14	46	53	102
Indian	302	20	99	16	9	35	2	34	7	80
Soul Food	122	1	11	23	6	25	5	15	4	32
Other Ethnic Menu	1185	57	217	203	47	162	18	160	63	258
Barbecue	7080	52	239	638	391	1668	871	2233	224	764
Full Menu	15773	939	1912	3357	1211	2603	977	1387	900	2487
Family Style	13450	877	1649	3031	1096	2175	871	1022	767	1962
Upscale	2323	62	263	326	115	428	106	365	133	525
Crepe	93	6	20	3	3	19	1	7	6	28
Pancake/Waffle	2062	95	131	246	109	693	180	213	178	217
Cafeteria	2688	30	100	350	240	665	191	578	177	357
Ice Cream	21598	1173	3000	3897	1951	2995	1166	3233	1250	2933
Donut	8262	809	1044	1226	699	768	218	[illegible]	497	2133
Refreshment & Snacks	3244	121	315	522	262	459	172	631	181	581
Specialty Menus	4157	151	351	594	244	777	267	527	294	952
Natural/Health/Veg.	1139	58	163	126	66	190	51	93	85	307
Yogurt	1341	20	69	88	85	266	111	220	111	371
Potato	356	12	35	50	33	70	11	69	27	49
Pretzel	243	1	28	91	11	36	12	30	8	26
Chili/Soup	695	48	32	219	33	63	60	69	45	126
Biscuit/Bun	306	10	6	14	15	150	21	44	12	34
Other Specialty Menu	77	2	18	6	1	2	1	2	6	39
Miscellaneous	27499	1616	4917	2946	3468	3043	1331	3728	1775	4675
Truck Stops	1966	37	141	296	303	289	261	251	199	189
Cafes	13975	637	1005	1525	2566	1226	697	2425	1187	2707
Coffee Shops	3888	261	896	373	187	350	65	337	189	1230
Grills	2652	93	430	398	214	585	160	367	108	297
Diners	2763	332	1763	222	144	323	117	226	43	93
Luncheonettes	2255	256	1182	132	54	270	31	122	49	159
All Other Restaurants	92987	6322	17712	14939	6495	12816	3949	11725	4777	14252

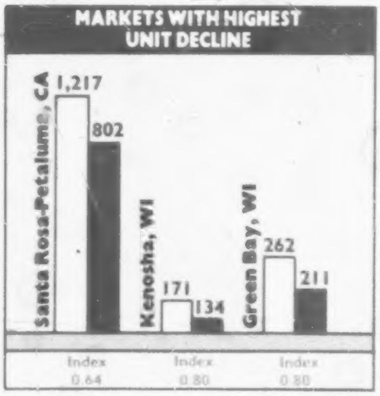
Source: RECOUNT 1987

← For more information on Haverpride circle number 275


STATES WITH HIGHEST UNIT DECLINE


STATES WITH HIGHEST UNIT GROWTH


MARKETS WITH HIGHEST UNIT GROWTH


MARKETS WITH HIGHEST UNIT DECLINE

than double the industry rate, despite decreasing from a phenomenal 13% growth the previous year. Italian restaurants also grew at 7.9% in 1987, exceeding their growth rate of 7% in 1986. Increases in all three categories were fueled largely by independents. However, chain-unit growth in Italian and Mexican outpaced the industry.

The sandwich category also outpaced the industry by growing 6.2% in 1987, by more than 2,800 units. Sandwich chains, which increased their 1986 7% growth rate to 8.5% in 1987, accounted for more than nine out of 10 new sandwich units. Independent sandwich restaurant expansion was greatly reduced from 6% in 1986 to 1% in 1987. Sub sandwich chains grew at a 29.5% growth rate in 1987 over 1986.

BIG GET BIGGER. The hamburger category in 1987 continued its second consecutive year of 6% growth. "Within this segment, it's a case of 'the big get bigger'," says Siegel. The top four burger chains, now accounting for 57% of the category, provided virtually all the growth, with an 11% increase in 1987. The number of units by smaller chains actually decreased 2%, and independents notched less than 2% growth, down from 5% the year prior.

The chicken category barely grew in 1987, notching a 1.3% performance. There was actually a 3% decline in the number of units for all chains except Kentucky Fried Chicken, Church's, and Popeyes. Those three chains expanded at 3%.

The family full-menu restaurant category grew 2.7% in 1987, after 1% growth the previous year, bringing it closer to matching the industry average than it has in several years. Within the family category, the chains, which account for 80% of all units, expanded at a rate of just 2% over 1986.

Unit counts can be categorized across regions to estimate the untapped potential of an area. Overall competition, as measured by the concentration of restaurants per 10,000 households, increased 1.8% to 39.5 between 1986 and 1987. Unit expansion between 1986 and 1987 was strongest in the West/North Central region, which grew 7.9%; and the East/South Central region, which grew 7.0%. The East/South Central region remains the least-penetrated region, with a concentration of 32.1 restaurants per 10,000 households.

There was virtually no expansion in the East/North Central and New England regions, with 0.1% and 0.3% growth, respectively. In these two regions, plus the Mountain region, population growth exceeded unit growth, thus creating a more positive potential for real sales gains.

On the other hand, in the West/North Central, East/South Central, Mid-Atlantic, and Pacific regions, restaurant expansion exceeded population growth, intensifying competition by increasing the number of restaurants available to consumers.

NARROW FOCUS. Lastly, unit counts provide an opportunity to focus on growth potential and competition within narrowly defined areas. For example, the states of Vermont, Washington, and Arkansas posted the highest indices of unit growth in 1987 compared to 1986, with 1.15 (15% growth), 1.10 (10% growth), and 1.09 (9%), respectively. At the other extreme, Wyoming came out last with a 0.81 index, indicating 19% decline in units.

So, an operator contemplating expansion into the Vallejo-Fairfield-Napa, CA, market, which has an index of 2.12, or greater than 100% growth in units in 1987 compared to 1986, faces different circumstances than if he chooses the Santa Rosa-Petaluma, CA, market, which posted an index of 0.64, indicating a 36% decline in units.

MARKET SEGMENT REPORT

BAKERY/BAKE-OFF

In 1987, total bakery sales increased 9% over 1986, with retail sales alone increasing by $400 million.

BY JACQUE WHITE KOCHAK

Kansas City-based Cinnamon Sam's positions itself as a specialty bakery, offering cinnamon rolls, breads, and a variety of muffins.

The American consumer's love affair with fresh-baked goods continues to fuel the growth of upscale bakeries specializing in cinnamon rolls, cookies, muffins, and a variety of other baked goods.

In fact, *Bakery Production and Marketing* magazine estimates that in 1987, wholesale, retail, and in-store bakeries together posted a 9% increase over 1986, with retail bakery sales alone increasing by $400 million.

"I see a very important trend toward 'affordable treats,'" says Andrew Thorburn, president of Middlesex, NJ-based Restaurant Management Inc., which holds rights to franchise the Canadian bakery chain called Treats in the U.S.

But the competition's getting stiff out there. While cinnamon roll and cookie shops battle for prized locations in shopping malls, in-store supermarket bakeries are introducing upscale specialty products, and more and more restaurants are baking on-premise—including fast-food chains. And let's not forget the convenience stores, those quiet usurpers nibbling away at fast-food sales. They're now experimenting with selling baked-on-premise muffins and cookies.

Experts agree that a tremendous market exists for fresh, upscale baked goods. The question is whether too many operators are reaching for a piece of the pie.

SHAKEOUT. "I think specialty bakers are facing a difficult struggle, especially in regional malls," says Thomas Barbee, president of Memphis, TN-based Cinnamon Corner Ltd. "The demand seems to be real, the market is available, but you have to be very careful. Location is paramount. There's going to be a shakeout, and I think that it has already started."

Treats' president Thorburn agrees that competition for sites is brutal and is probably the biggest problem bakery concepts now face. "There are enough customers to go around. The question is whether there are enough sites in regional malls to go around. Most regional malls want only one or two bakery concepts, period," he says.

As a result, operators are evaluating the way they do business. Some are opting for sites outside of malls. "The company that figures out how to make a bakery work in a strip center will be the one to grow," says John Horseman, president of Cleveland-based Rolling Dough Gourmet Bakery.

Indeed, there are some very good

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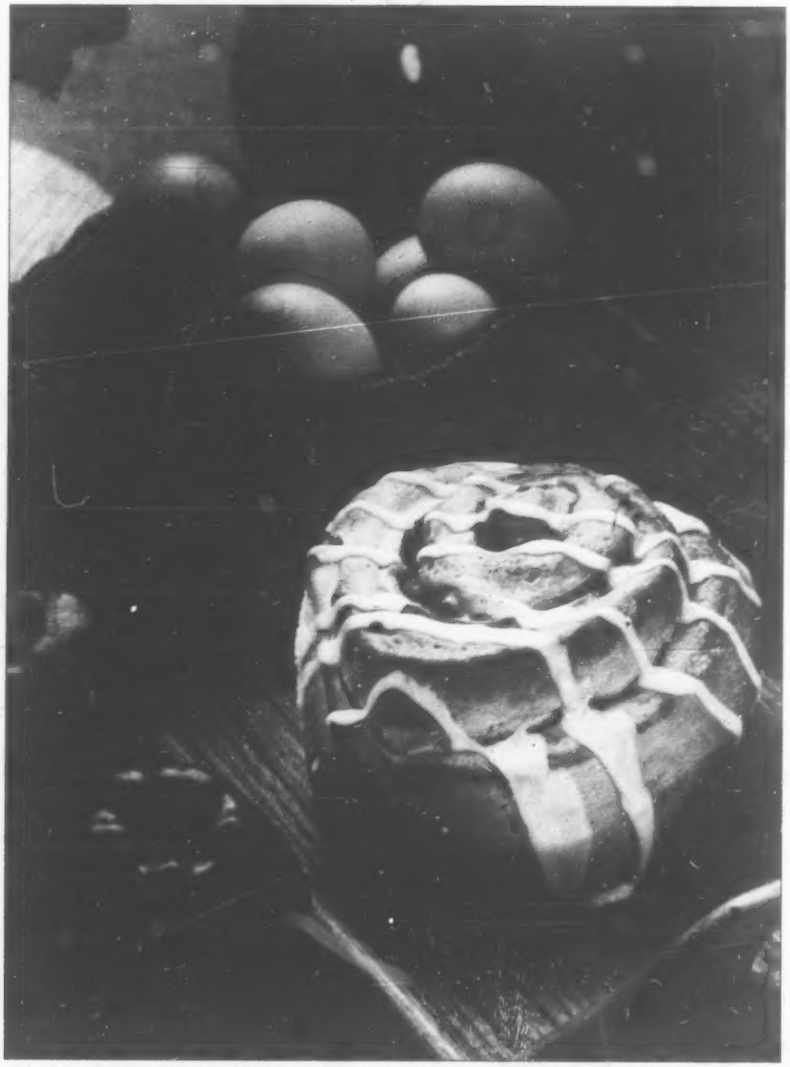
Jacque White Kochak is a contributing editor based in the Westchester County, NY, area.

MARKET SEGMENT REPORT

BAKERY/BAKE-OFF


Cindy's Cinnamon Rolls Inc. offers a limited menu of bread-based rolls. Pictured is its Apple Strudel Roll.

PHOTOGRAPHY BY JOHN CLARKE PHOTOGRAPHY INC

reasons why bakeries should be outside of malls. "We did one shopping mall unit as an experiment, but it was a failure," says Paul Bernstein, vice president of Chicago-based All My Muffins. "We were in a food court, and we couldn't sell anything before 10:30 or 11 a.m. We lost our morning business, and the costs associated with being in a mall were very high."

A number of operators are expanding their offerings to build a broader customer base in order to prosper outside of malls. Cinnamon rolls and cookies tend to be impulse items; more variety is needed to create a destination operation.

One operator is even abandoning the segment. This most negative voice of all comes from David Liederman, founder of New York City-based David's Cookies. "I believe that the small store with a single baked item is deader than dead," he says. "You can st[illegible] make a lot of money if you've got a low rent, but it is hard to find that low rent." Liederman says he finds that rents everywhere, not just in New York City, have about tripled in the five to eight years since he got into the business. As a result, over the last two years David's Cookies has gradually changed the focus of its concept, going into the supermarket bake-off and branded goods business.

David's now provides dough to be baked-off for 700 locations, including supermarkets and convenience stores. In addition to cookies, David's provides brownies, croissants, and cakes.

"This is a much, much bigger business in terms of potential," says Liederman. "There are something like 50,000 grocery stores in the U.S. Nobody's even scratched the surface of the market. And people buy their food in grocery stores, not shopping malls."

In the supermarkets, cookies and other baked goods are usually sold under the name David's Cookies, but occasionally a private label is used.

Because of the company's shift away from being a cookie shop franchisor, the name was changed last year to David's Specialty Foods Inc. As the name indicates, the company's activities in the future may go way beyond baked goods; Liederman is even looking at shrimp right now. "I think there's a tremendous opportunity for upscale food products. That's the market that we are going after."

Nevertheless, says Liederman, David's still operates over 160 cookie stores around the country. "We're just being very careful about locations."

OPTIMISTIC. The chief operating officer of another cookie shop franchisor, however, is still very optimistic about the future of specialty retail bakeries. In fact, Erik Gordon of Atlanta-based Great American Chocolate Chip Cookie

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Nuts
Wet Walnuts
Sprinkles
Macademias
Pint 2
Quart 5
Candies
Best Price in Town
$6.95

David's Specialty Foods operates about 160 cookie units, but its focus is now on supplying bake-off dough to other outlets.

Many operators expanded menus to broaden their customer base and succeed outside of regional malls.

Co. says that 1987 was the company's best year ever, and that same-store sales were up substantially over the previous year for the company's 300 units, from Massachusetts to Guam. Systemwide sales for 1987 approached $50 million.

"First, some of our new products have really taken off," says Gordon. "Second, we attribute the improvement to the fact that we're older, smarter, and better at operations than we were before."

In the last year, Great American Chocolate Chip Cookie Co. has introduced an oatmeal-raisin bar, an Irish-cream cookie with chunks of chocolate, and a white-chocolate-chunk-macadamia-nut cookie. The stores also sell brownies, and new cookie flavors are always under development.

"Cookies are a good product because they are familiar, and they are an easy product to eat," says Gordon. "Cookies are more versatile than cinnamon rolls. You can eat cookies twice a day. How many times a day are you going to buy a cinnamon roll?"

Nevertheless, says Gordon, the specialty baked goods market is not an easy place to be. "There's a lot of consolidation going on," he says. "A lot of the smaller cookie people just can't make it. They can't afford the risks or the rents."

Great American Chocolate Chip Cookie Co. will continue to expand in the U.S. and is now embarking on an international expansion program. Stores are planned in Canada, Japan, Great Britain, either France or Holland, and perhaps Australia.

CINNAMON ROLLS. Cinnamon roll shops are among the hottest bakery concepts around today. The leader among cinnamon roll shops is clearly Kansas City-based T.J. Cinnamons, with 212 units nationwide. The company posted sales of $437 million in 1987 (compared to $9 million in 1986), and that figure is expected to nearly double to $66 million in 1988, says president Ken Hill.

T.J. Cinnamons continues to expand aggressively, with 120 additional units planned in 1988. The company is also considering small satellite kiosks that will be serviced by the larger bakeries.

Hill agrees, however, that finding good locations could slow expansion. "The second 200 locations will be a lot more difficult than the first 200," he says. "It's a tough business for somebody to get into today. I expect a shakeout and consolidation by 1989."

About 50% of T.J. Cinnamons are located in regional malls and 50% in downtown strip centers, and Hill cites pros and cons to both types of units. The key, he says, is high traffic. "We have a lot of very successful locations outside of regional malls," he says. "If our units are easy to get to and are visible, we can still sell an impulse item."

A plus to locations outside of malls, he notes, is the increase in morning traffic and carry-out sales.

T.J. Cinnamons' menu is very limited; cinnamon rolls are the major offering. From the beginning, however, Hill had intended to expand the menu to make T.J. Cinnamons a limited specialty bakery. An apple-filled "cinnastrudel" was recently introduced, and bread pudding is served at units in the South. A cinnamon-pecan coffee cake is served in some locations, as well as a chocolate-chip roll. A rum-raisin roll is being tested.

Part of the appeal of cinnamon rolls is the fact that they are served hot from the oven. Ultimately, says Hill,

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T.J. Cinnamons will serve four hot-from-the-oven specialties, as well as a number of already baked specialties such as coffee cakes.

A strong competitor for T.J. Cinnamons is Seattle-based Cinnabon, a subsidiary of Restaurants Unlimited, a multi-concept dinner-house operator. The company now operates 45 company-owned units and 20 franchised units; an aggressive franchising program just got underway last year.

Most of the company-owned units are located on the West Coast, in Hawaii, and in the upper Midwest. Franchises have been sold in Canada, eastern Pennsylvania, southern New Jersey, Baltimore, the Washington, DC/Virginia area, and Dallas/Ft. Worth, TX. Expansion plans call for 25 additional company-owned units to be opened this year as well as 30 franchised units.

Cinnabon continues to locate almost exclusively in regional shopping malls, with an attractive "high tech/European" look marked by lots of tile, marble, stainless steel, and glass. Each unit has seating, so customers can stop for a roll and fresh-ground coffee.

LIMITED MENU. Cinnabon has avoided expanding its menu. Cinnabon buns, weighing in at about eight oz. and topped with cream cheese frosting, are made from scratch in the units from a prepared cinnamon-roll mix. Considering that Cinnabon serves only one product, sales are impressive; the average unit grosses about $350,000 a year.

"Quite a few people out there are broadening their menus, but we want to maintain our integrity," says Dennis Waldron, executive vice president of Restaurant Unlimited's Cinnabon Division. "We don't want to be a full-blown bakery. Quite honestly, we don't know if cinnamon rolls are a fad. But, we're betting that they're not."

The model for several cinnamon roll concepts is Idaho Falls, ID-based Mrs. Powell's Inc., operator of Mrs. Pow-

continued on page 192

Competition for sites is brutal and is probably the biggest problem that bakery concepts now face.

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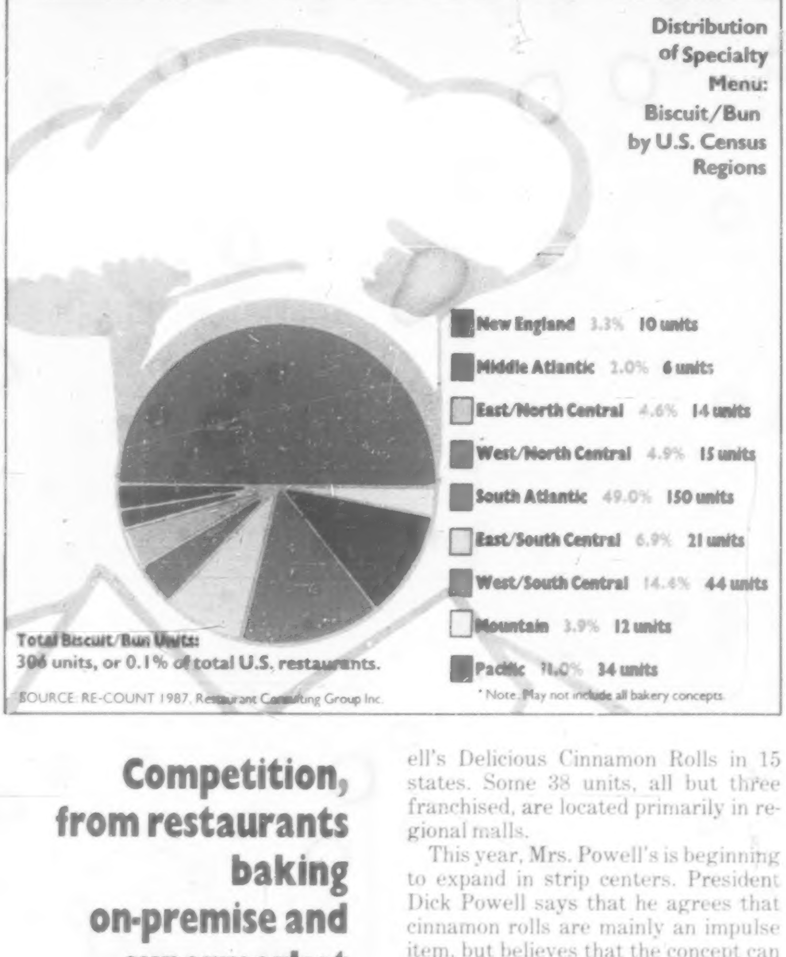

Distribution of Specialty Menu: Biscuit/Bun by U.S. Census Regions

Total Biscuit/Bun Units:
306 units, or 0.1% of total U.S. restaurants.

SOURCE: RE-COUNT 1987, Restaurant Consulting Group Inc.

* Note: May not include all bakery concepts.

CHART BY SHARI FANG

Competition, from restaurants baking on-premise and supermarket and c-store bakeries, has grown fierce.

ell's Delicious Cinnamon Rolls in 15 states. Some 38 units, all but three franchised, are located primarily in regional malls.

This year, Mrs. Powell's is beginning to expand in strip centers. President Dick Powell says that he agrees that cinnamon rolls are mainly an impulse item, but believes that the concept can succeed outside of malls because of Mrs. Powell's name recognition. "You have to advertise more, of course," he says. "While rent and other overhead costs are considerably less in a strip-center location, advertising and promotion costs are higher."

BRAND RECOGNITION. Mrs. Powell's has expanded its menu somewhat, but Powell insists that the secret of the concept's success is its simplicity. The basic bread dough can be used for a number of offerings, including a new Cinn-a-yum twist that is smaller than the regular cinnamon roll and doesn't have raisins. A slightly different dough is used for a moist 2-lb. country loaf and a country dinner roll.

During the holiday season, Mrs. Powell's introduced holiday breads in the shapes of a candy cane and a wreath, which met with "overwhelming acceptance," says Powell. In fact, one unit operated around the clock turning out the breads. Also new is a "gift bear" made out of cinnamon roll dough and decorated for the appropriate occasion.

Powell anticipates that 75 new units will open in 1988, with concentrations in the Eastern U.S. and California. The company will be sharing some locations in New England in a joint venture with Portland, OR-based All American Yogurt Co. "We feel that the concepts are complementary, and we will be able to use retail space that we couldn't have used otherwise because it is too big," says Powell.

Another cinnamon roll baker to attain and keep popularity is Fallbrook, CA-based Cindy's Cinnamon Rolls Inc., modeled after Mrs. Powell's and serving an enormous bread-based roll. Cindy's now operates 42 units all over the U.S., all stores franchised; even the original company-owned units have been sold. Average unit volume is about $280,000, with some stores grossing as high as $400,000. Expansion plans call for 25 more units this year, says Tom Harris, president.

All Cindy's are located in major regional shopping malls. "We are very selective about the type of location we open, and those locations are getting scarce," says Harris. "Right now we're trying to analyze whether we will go into strip centers. If we do, we will broaden our menu. We're watching T.J. Cinnamons, because so many are outside of malls."

Right now, Cindy's menu is extremely limited, offering only the original cinnamon roll, an apple strudel roll, and a caramel nut roll.

Harris is considering introducing a program that features a roll of the month. "What has made cinnamon rolls so successful is that they are served hot out of the oven," says Harris. "That is why we have to be very careful and not introduce a lot of new items."

Unlike some of the other bakery concepts, Cindy's cinnamon rolls are made from scratch on-premise every day.

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BAKERY/BAKE-OFF

Experts agree that a tremendous market exists; the question is whether too many operators want a piece of the pie.

"We haven't had any trouble with consistency," Harris says, "because we monitor the process and get around to the stores frequently."

MORE TO THE MENU. Kansas City-based Cinnamon Sam's was, from the beginning, positioned as a limited-line bakery rather than as just a cinnamon roll shop. The company now operates more than 40 units in 25 states, all but four franchised, and is opening between four and six units a month. Franchise sales are continuing very aggressively in the U.S., and agreements are being put together that could open up Canada and England.

Cinnamon Sam's president Gerald Diddle says that the company is going into a variety of locations, including malls and strip centers. "We are a gourmet specialty bakery serving breads and muffins and we are testing additional things," says Diddle. "That has freed us from malls, because that diversity makes us more than just an impulse buy."

In addition to cinnamon rolls, Cinnamon Sam's offers apple streusel muffins, banana muffins, blueberry muffins, and chocolate/chocolate chip muffins, as well as a muffin-of-the-month program. The muffin of the month is often tied to a special event, and is offered for 30 days.

The company also offers a raisin cluster bun, similar to a hot cross bun, and two white bread loaves in addition to cinnamon raisin bread.

Another company that has evolved into a gourmet specialty bakery from its cinnamon roll roots is Memphis, TN-based Cinnamon Corner Ltd., with nine units open and another under construction. Units are open in Atlanta; New Orleans; Miami; St. Louis; Davenport, IA; Germantown, TN; Columbia, MO; Jacksonville, FL; and Butler, PA, right outside Pittsburgh. Eight are company-owned, one is franchised.

The company has just become active in franchising, and president Barbee says he anticipates that another six to seven franchised units and another two or three company stores will open this year. "We have no intention of growing at breakneck speed, and we want to be careful with franchising," says Barbee.

Like so many specialty bakers, Cinnamon Corner is reevaluating its sites. One store is located in a strip center, and Barbee says that in the future most will be located in strip centers. The Butler, PA, store is a small free-standing building.

As the concept evolved, Cinnamon Corner added cookies, brownies, bagels, croissants, and coffee cakes, and this year, is introducing breads. The company is testing a bagel sandwich filled with tuna or chicken salad to boost lunchtime business, as well as a ham-and-cheese-filled croissant.

"We are no longer a completely impulse-oriented retailer," says Barbee. "A regional mall is a good place to be for impulse buys, but we are becoming a destination point for an estimated 60% of our customers."

Barbee points out that Cinnamon Corner's average check in a mall is $2.25, compared to $3.50 for a shop outside a mall (average unit volume is about $240,000). "I really believe that in a regional mall, people don't like to carry things like baked goods around."

Baking at Cinnamon Corners is kept simple, although most of the dough is prepared on-premise, except for croissant dough, which is frozen. Proprietary dough mixes are packaged, and recipes are easy to follow. Franchisees train for about two weeks in Memphis at the company store. Cinnamon Corner representatives work at a new unit through its opening.

Fairly new to the bakery scene is Cleveland-based Rolling Dough Gourmet Bakery, with four units open. Two are located in Cleveland, one in Canton, OH, and one in Beaumont, TX. An area

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MARKET SEGMENT REPORT

BAKERY/BAKE-OFF

Seattle-based Cinnabon locates its high-tech/European-styled units almost exclusively in regional shopping malls.

The delicious aroma of fresh-baked goods has an almost irresistible merchandising appeal to passing patrons.

franchise has just been sold to a St. Louis Dairy Queen franchisee.

Although 40% of sales derive from oversized cinnamon rolls and sticky buns, Rolling Dough also offers a line of 20 muffins, including carrot cake muffins and German chocolate cake muffins, as well as regular and filled croissants. Also offered are specialty breads such as 10-grain, sourdough, and French. Baked goods are proofed and baked in units from raw, frozen dough, says president Horseman.

For now, most units are in malls, he adds, but that will change in the future. Plans are underway to open a freestanding unit on a mall in front of a strip center. The bakery will share the space with another of Horseman's concepts, a '50s diner called Eat at Joe's. Three Eat at Joe's are open, one in Cleveland, one in Phoenix, and one in Beaumont, TX. Between the two concepts, Horseman says, he will open a total of 12 company-owned units and three franchised units in 1988.

Existing Rolling Dough Gourmet Bakeries annually gross between $250,000 and $600,000, according to Horseman, and average $350,000.

Although units derive a good portion of sales from cinnamon rolls, Rolling Dough does not want to be associated with only one product, says Horseman. "When you're identified with one product, it is very difficult to bring another product in, although the bakeries with staying power and capital can do it. But I think that to a certain extent cinnamon rolls are a fad, and we want to be prepared for the future."

Lombard, IL-based Cookie Factory of America Inc. is also moving toward becoming a specialty baker rather than a cookie shop. In the last several years, the company has added six varieties of gourmet muffins, croissants, fruit turnovers, cinnamon and pecan rolls, and danish, in addition to 15 varieties of cookies. Now, a significant portion of sales comes from products other than cookies, according to Michael Simpson, president.

SAVORY ITEMS. Recently renamed Cookie Factory Bakeries, units also serve light meals in the form of savory croissants, sandwiches, and croissant toppers.

The newest addition to the menu is Candy Store brownies, selling at $6 a pound. Flavors are turtle, rocky road, peanut butter, double chocolate, and chocolate mint.

Some 55 units are scattered from Colorado to Virginia and from Florida to Michigan, with most clustered in the upper Midwestern states of Illinois and Indiana. Most are located in shopping malls; five are company-owned. Simpson says the company's expansion plans are "pretty aggressive," but won't elaborate.

Simpson also won't divulge sales figures, but says that Cookie Factory same-store sales are up significantly from the same time a year ago, an increase that he attributes to new products and aggressive marketing.

MUFFINS. Chicago-based All My Muffins Licensing Inc. is one of the few companies in the bakery segment that specializes in muffins. The company now has units in Beverly Hills, Chicago, and Ann Arbor, as well as in Bloomingdale's department store in Manhattan. A second Chicago unit is under construction, plus one in Detroit and one in Kalamazoo. The company plans to add three to five stores in 1988. Two

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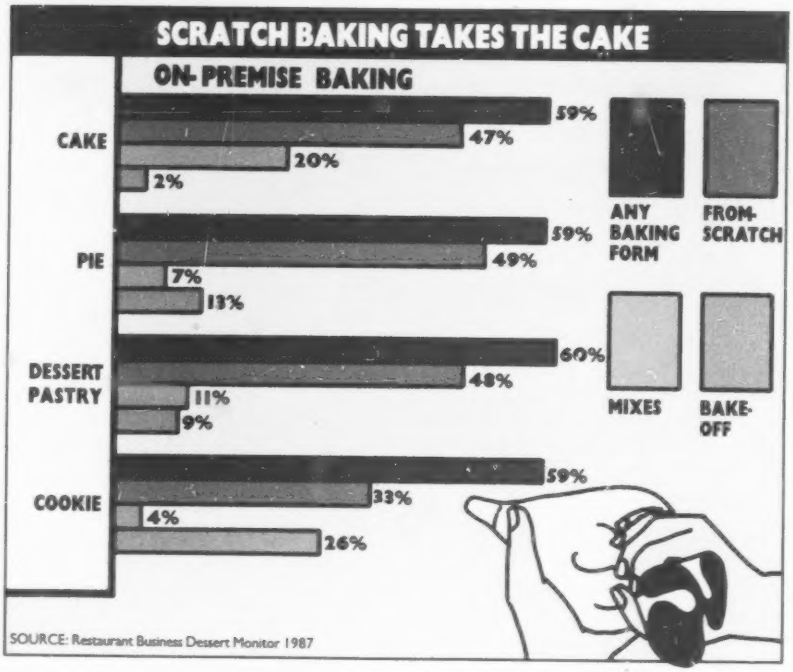
MARKET SEGMENT REPORT

BAKERY/BAKE-OFF



SCRATCH BAKING TAKES THE CAKE

SOURCE: Restaurant Business Dessert Monitor 1987

CHART BY SHARI FANG

Freshness is key to bakery concepts; mixes and dough may be produced at commissaries, but in-house baking is what sells.

units are company-owned.

All My Muffins' types of locations vary. The Chicago unit is in a busy lobby of an office building. The Ann Arbor unit shares a building with a Little Caesars Pizza and a McDonald's; all the concepts have separate entrances, but share seating in an atrium. The Beverly Hills unit is freestanding, while the new Detroit unit is located in a strip center, and the new Chicago unit is adjacent to a commuter train station.

All My Muffins also delivers within a two-mile radius. The service is popular with businesses, which often place a standing order. Minimum order is a dozen muffins. Bernstein says that delivery business has increased about 8% in the last year. All stores have limited seating. Vice president Paul Bernstein declines to give sales figures, but says that the average check is $2.

All My Muffins offers 12 to 15 different kinds of muffins every day from a selection of some 250 flavors, with the menu changing weekly.

Units also offer four filled croissants: sausage and egg; ham, cheese, and egg; turkey with Monterey Jack; and ham with Swiss cheese. A broccoli and cheddar cheese croissant is being added. Six different soups rotate through the menu, with two available every day.

All My Muffins proves how versatile a muffin can be; the second most popular selection is a cinnamon coffee cake muffin, a competitor of the ubiquitous cinnamon roll. And then there's the muffie—a muffin cookie. The company is also experimenting with a frozen dessert without cholesterol or fat, called Angel Freeze.

Fairly new to the U.S. market, but a potent force in Canada, is a company called Treats, which specializes in muffins but also offers a variety of other baked products. Middlesex, NJ-based Restaurant Management Inc. (RMI), a food franchise management company, in December purchased the Treats U.S.A. license and associated assets for $2.3 million, and is now the U.S. franchisor of the concept.

Before the acquisition, RMI was the largest of 10 Treats regional franchisees in the U.S., with six stores opened within the past six months. Some 20 units are now operating in the U.S.

RMI is also a franchisee of Arby's and Schlotzsky's, with regional franchise rights with Schlotzsky's. RMI's business plan calls for the establishment of up to 500 additional Treats stores within the next five years.

Treats specializes in muffins, with the same six or seven popular varieties available every day in addition to between three and five special flavors. Some 60 varieties of muffins are offered in all, including piña colada, pineapple coconut, almond coffee cake, apple rhubarb, chocolate pudding, lemon cheesecake, cherries jubilee, peanut butter chocolate chip, and peanut butter and jelly. A cinnamon muffin is reminiscent of a cinnamon roll.

The Treats menu also includes brownies, cookies, and the Crumble, an oversized muffin with a crumb-cake topping and fruit fillings. Boosting midday sales are luncheon puffs, made from a biscuit-like dough that is less heavy than muffin dough, which are topped with various ingredients. Everything is made fresh on-premise from proprietary mixes, says RMI president Andrew Thorburn.

RMI became interested in the Treats concept for several reasons, says Thorburn. "We wanted a flexible concept that could evolve as the consumer's tastes evolve," he says. "Even the Treats name is flexible. When you start as Dunkin' Donuts and decide to sell croissants, you have a battle on your hands. We're positioning ourselves as a concept selling fresh, home-baked goods."

Most of Treats' locations in the U.S. are in regional malls and do not have seating. The typical customer stops by on impulse, says Thorburn, and the average check is about $1.50. As Treats expands, RMI will also seek out locations in large, mixed-use projects in major downtown areas, as well as downtown storefronts. RMI will avoid strip centers and freestanding buildings, because Thorburn is convinced that the concept requires heavy foot traffic to thrive.

Thorburn says that he prefers not to publicize unit volumes, but says that the stores are highly profitable and that the Canadian company has never had to close a Treats store yet.

C-STORES. Convenience stores, in their mounting assault against fast-food operators, are sensing profits in the fresh bakery segment. 7-Eleven is testing a cookie bake-off program using cookie dough provided by David's Specialty Foods.

Rosemont, IL-based Convenient Food Mart Inc., with 1,300 stores systemwide, is testing a World's Greatest Muffin bake-off program in two test markets, Cleveland and Chicago. Six varieties of muffins (apple cinnamon, blueberry, carrot cake, banana nut, double chocolate chip, and bran-zucchini-raisin) are baked fresh in the store two to three times a day. Muffins are baked from a frozen batter developed by Convenient Food Mart management through 500 man-hours of testing. Store personnel simply scoop and bake the muffins.

Before press time, the company had been tracking sales for about 15 weeks in Chicago, and found muffin sales to be as high as 6% of total sales and averaging 3% to 3.5%, which is considered remarkable for one product in a convenience store product mix. The muffins sell for about $1.29, and are promoted by point-of-sale materials. They cross-merchandise very well with coffee and other beverages, points out Ken Delisi, marketing associate.

FULL-LINE BAKERIES. Only a few full-line bakeries have successfully expanded beyond one, two, or three units because of the baking skill required. The largest full-line bakery chain is Vienna, VA-based Vie de France, the subsidiary of a French company. Vie de France has operated in this country for 15 years, and after some financial declines, has begun growing again.

The company is divided into two corporations. A wholesale bakery operation that supplies frozen croissant and French bread dough to restaurants and bakeries around the country is headed by Sara Lee veteran Richard Sharoff. The Vie de France Restaurant

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BAKERY/BAKE-OFF

Mrs. Powell's.
DELICIOUS CINNAMON ROLLS

Idaho Falls, ID-based Mrs. Powell's Delicious Cinnamon Rolls has 38 units, primarily in regional malls, and plans to add 75 more in 1988.

Some bakery operators are participating in joint ventures with compatible concepts to help reduce rents.

and Retail Bakery Corp., which also includes Fast & Fresh, is headed by Arby's veteran Bob Blessing. The restaurant corporation now operates 57 restaurants around the country. That number was boosted by the acquisition of 27 Michel's Baguette Restaurants last year from the Cookie Factory, with most now converted to Vie de France bakery/cafes.

The Vie de France restaurant portion started out operating retail bakeries, but today there are only three bakeries without restaurants. Vie de France Restaurant Corp. will never open another bakery-only operation, says Blessing.

Instead, the company is concentrating on its new-generation Fast & Fresh units, an evolution from an earlier fast-food Fast & Fresh concept. The new upscale Fast & Fresh integrates quality baked goods with a broader menu than the original concept.

The most popular item is rotisserie chicken, which is prepared in public view. Also available are hamburgers, as well as french bread pizzas with toppings such as roasted eggplant and onion with feta, mozzarella, and parmesan cheeses; spinach, black olive, feta, mozzarella, and parmesan cheeses; and bacon with cheddar, mozzarella, and parmesan cheeses.

The new-generation Fast & Fresh also offers a breakfast menu of croissants with several toppings, as well as a scrambled egg platter, a french toast platter, and a belgian waffle platter.

Food is served cafeteria-style, through an express line that is totally self-service and created for quick take-out, and a made-to-order line designed for indoor/outdoor dining and offering hot foods in addition to salads and sandwiches.

Decor is contemporary European, with authentic European tables, chairs, and lamps. New mauve and celadon colors are used throughout and are reflected in uniforms. Classic French design is reflected in a myriad of mirrors.

According to Blessing, about 80% of Vie de France's expansion in the future will be from the new Fast & Fresh concept, and about 20% from the full-service Vie de France units. About 12 company-owned units will open in the next year, and a new franchising program should produce about 12 franchised units, says Blessing.

Full-service Vie de France restaurants are similar to Fast & Fresh units in appearance, but offer an expanded menu that includes more sandwiches, salads, and soups. A breakfast menu is available, offering a variety of omelets with unusual fillings.

Blessing says that Vie de France restaurants have a big advantage over other bakery/cafes when it comes to expansion, because the wholesale bakery corporation already has 20 bakery centers around the country, which supply frozen dough to restaurants.

"Other companies must remain regional because they are restricted in their ability to ship product around the country," says Blessing. "Transportation costs are a liability. Unless you use frozen dough, you must have a skilled French baker at every location."

Although the restaurant company has moved firmly out of the bakery-only segment in order to increase volume, baked goods are still a substantial portion of sales. "The whole company averages 35% to 40% of sales out of the bakery," says Blessing. "We are definitely in the bakery business."

Blessing expects new stores to post sales of from $850,000 to $1.1 million. According to the company's annual report, 1987 was a year of rebuilding for parent company Vie de France Corp., and management believes that substantial investments in the bakery and restaurant subsidiaries will pay off in 1988. Sales for the corporation as a whole increased by 10% during fiscal 1987, to a record $68.4 million, although there was a significant decline in net income because of restructuring costs, expenses incurred in recruiting new management.

ITALIAN BAKER. San Francisco-based Il Fornaio, which means "the baker" in Italian, is another bakery company that is moving toward operating full-service restaurants.

The company is the American representative of a chain of 1,500 bakeries in Europe, started by an Italian family interested in reviving the dying art of breadmaking. The eight units, all in California, serve a variety of breads made from old Italian recipes, as well as cakes, cookies, and candies.

All the products are made by hand by skilled bakers in three commissaries, then are baked and shipped out to units. "This is a very, very difficult market in which to make a lot of money when all the product is made by hand," says a spokesperson. "The products are very labor intensive, and there is not a big profit margin."

That is part of the reason that the company is moving toward operating combination bakery/cafe units. Larry Mindel, formerly president of innovative Spectrum Foods, was hired earlier this year as chairman and chief executive.

Il Fornaio recently opened Il Fornaio Cucina Italiana in Corte Madera, CA, which serves such specialties as spit-roasted meats, chicken, and fresh-baked fish, as well as a variety of baked goods. The 102-seat restaurant, located in an upscale strip center, offers counter seats where customers can watch food being cooked by rotisserie, in an oak-burning oven, and on a mesquite grill. Alfresco dining is available on an adjacent 54-seat piazza.

The restaurant also serves breakfast and lunch. Mindel says that he plans to open additional Cucina Italiana units in the future, but no more than two a year.

Another full-service bakery is Park City, UT-based La Petite Boulangerie, a subsidiary of MF Holdings, also the parent of Mrs. Fields Cookies. MF Holdings bought the company last year from PepsiCo.

Randy Fields, president of MF Holdings, is reluctant to give very much information about either concept, except to say that the 125 La Petite Boulangeries (all company-owned) and the 560 Mrs. Fields in 30 states are doing business "pretty much as usual." La Petite Boulangeries are all located in six Western states and are supplied by a central commissary.

Expansion for Mrs. Fields has been quite aggressive, with 200 units opened last year. Expansion of La Petite Boulangerie will be much slower, says Fields.

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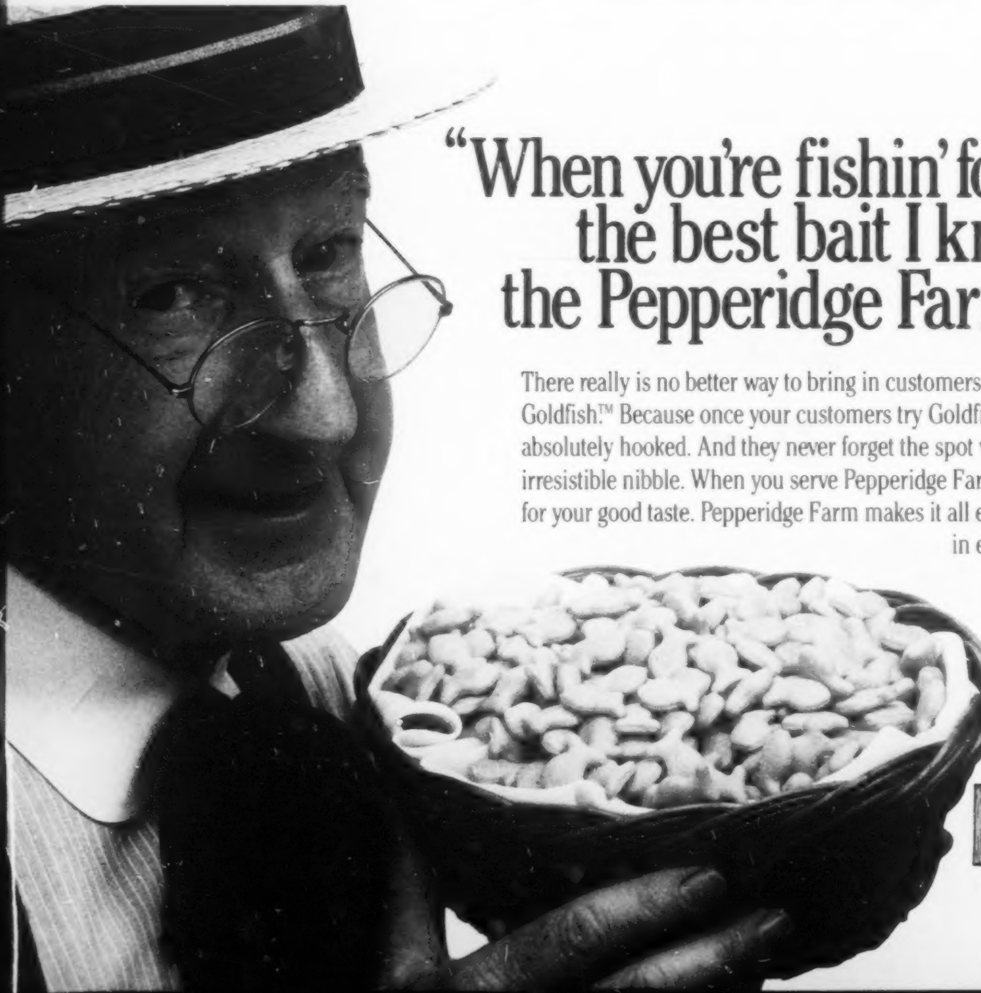

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MARKET SEGMENT REPORT

BAKERY/BAKE-OFF

Treats specializes in muffins, with over 60 varieties, but also offers brownies, cookies, and luncheon puffs—biscuits served with savory toppings.

Only a few full-line bakeries have successfully expanded because of the baking skills required.

Fields would not comment on MF Holdings sales, but analysts estimate 1986 sales at $170 million.

LOCAL LEADER. A strong local baker is New York City-based Zaro's Bake Shop Inc., with 16 bakeries in the New York City metropolitan market. In addition to a large bakery section, most of the units offer deli sections, frozen yogurt, pizza, and hot dogs.

The enormous Zaro's unit in Grand Central Station is a Manhattan institution, and now Zaro's has opened units in Penn Station, the city's other major train station, as well as in the Port Authority, where incoming buses stop, and South Street Seaport, a seaside development. As a result, Zaro's has adopted the promotional theme "We've got you covered," referring to the company's domination of transportation terminals.

Zaro's is an example of an old-time bakery that has adapted successfully to change. Opened some 50 years ago in the Bronx, Zaro's eventually expanded to 20 neighborhood bakeries. One by one those stores closed; then a second wave of expansion began, with franchising initiated nearly two years ago. Now, six units are franchised.

Zaro's is truly a full-line bakery, serving a complete line of baked products from bagels to birthday cakes and muffins to brownies.

For customers who have to eat on the run, the bakeries offer filled croissants, quiches, and 20 kinds of spreads to go on bagels and rolls.

While so many old-time bakeries have disappeared, Zaro's is flourishing. "We don't give out volumes, and there's no average because units range in size from 1,000 sq. ft. to 4,000 sq. ft.," says Stuart Zaro, the company's executive vice president. "But I'll say that there's no place in the world that does better than we do foot for foot. We get people in and out fast."

A large part of Zaro's success is due to being very picky about locations. The company seeks out Manhattan locations with very high-density traffic, surrounded by office buildings.

Because of the locations, sales are spread out over the day. The morning is busiest, but check averages then are lower; in the evening, when customers buy baked goods to take home, check averages are higher. This insistence on prime locations has kept Zaro's from expanding too fast.

The fact that skilled bakers are a dying breed has led to the demise of many full-service bakers. Like Vie de France, Zaro's has solved that problem by operating a 40,000-sq.-ft. central plant in the Bronx where cheesecakes, birthday cakes, layer cakes, and breads are made and delivered to New York City stores twice a day in finished form. Bagels, croissants, and such delicacies as *rugellach* (bite-sized pastries made of cream cheese-based dough and filled with chocolate, blueberry, cinnamon, or raspberry fillings) are made at the plant, refrigerated, and sent out raw to the stores, where they are baked on-premise all day long.

Because skilled bakers are so difficult to find, Zaro's trains its own workers in an apprenticeship program.

Cinnamon rolls may or may not be a fad, but the demand for high-quality baked goods should remain strong. Intense competition points towards a shakeout, but the strong players will survive and prosper.

For more information on Wisconsin Milk Marketing circle number 266 →

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Restaurant Business

A BILL PUBLICATION

MAY 1, 1988

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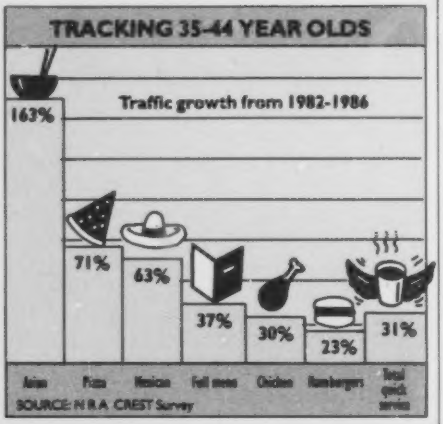
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

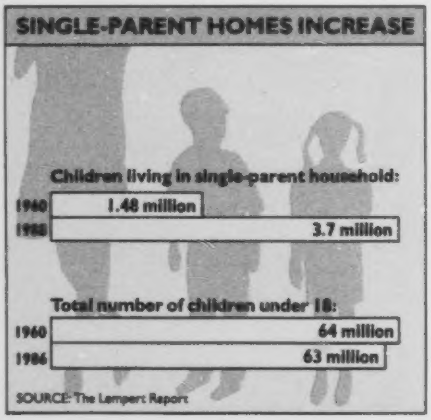
By Howard Riell


TRACKING 35-44 YEAR OLDS

SOURCE: N R A CREST Survey

First Baby Boomers Flock To Fast Food

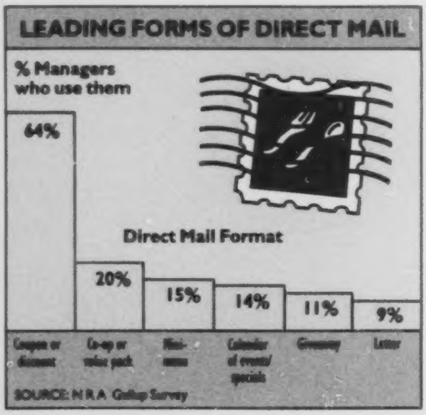
The vanguard of the baby-boom generation—now adults aged 35 to 44—seem to be coming back to their roots, at least as far as their taste for fast food is concerned (see figures at left). They accounted for one quarter of the total restaurant traffic growth from 1982 to 1986, according to other figures just released by the NRA. In total, the group is responsible for 17% of all restaurant occasions, second only to those aged 25 to 34. The 35-to-44 age group has more children under the age of 18 than other age groups have. Their median income was $32,787. Sixty-seven percent of married couples in this age group have dual incomes.


SINGLE-PARENT HOMES INCREASE

SOURCE: The Lempert Report

Tracking The Changing American Family

Close to one quarter of all American children under the age of 18—about 14.8 million—today live in single-parent households. Draw what conclusions you will about the state of the American family, but that figure is one that smart foodservice marketers can use to their advantage. It means, among other things, that even though the overall population is growing older, the younger consumers are gaining more and more authority in making their own dining choices, which bodes well for fast food. It also means that more of the overall food dollar will most likely be spent outside of the home—again, good for foodservice.


LEADING FORMS OF DIRECT MAIL

SOURCE: N R A Gallup Survey

How Managers Are Managing Direct Mail

That coupons are the most popular form of direct mail used by managers questioned is not surprising, and their advantages have been explored in depth many times. Value packs, according to the NRA, are used primarily by high-traffic, limited-menu restaurants. Thirty-three percent of chains mail them, but only 11% of independents. In contrast, independents choose mini-menus (21%) far more than do chains (6%). Not surprisingly, full-service and independent restaurants use letters, invitations, and newsletters more than chain operators do. Giveaways prove popular in full-service and fast-food segments.

CHARTS DESIGNED BY PARA-GRAPHICS

RESTAURANT BUSINESS

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INDUSTRY **RB LEADERSHIP AWARDS.** *The editors of Restaurant Business are pleased to announce the winners of our Sixth Annual Business Leadership Awards: Harris Rusitzky, Serv-Rite Food Service Corp.; Jean and Doris Banchet, Le Français; Juergen Bartels, Carlson Hospitality Group; Rosemary Garbett, Los Tios Mexican Restaurants; Edward Rensi, McDonald's Corp.; and Ray Danner, Shoney's* **181**

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Cover photographs of the 1988 Leadership Award winners are based on a concept developed by the photographer Phillipe Hausman.

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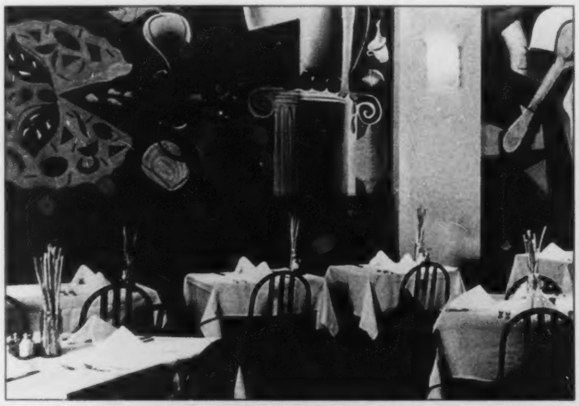
SPECIAL OFFER

Restaurant Business now has available specially prepared reprints of the **1987 RESTAURANT GROWTH INDEX** and the **1988 MAJOR FORCES IN FRANCHISING.** These annual studies are invaluable reference tools.

The reprints are available for $3 per copy. Direct orders and inquiries to: Editor Peter Berlinski, *Restaurant Business* Magazine, 633 Third Avenue, New York, NY 10017.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ICE CREAM/YOGURT

The leading chains and independents are competing intensely to indulge consumers with a plethora of exotic new flavors and novelties.

BY JAMES SCARPA

"What a pity this isn't a sin," the 19th century novelist Stendahl allegedly said upon first tasting ice cream.

Today's consumers find virtues in frozen desserts. People are happily indulging themselves more than ever with luxurious superpremium ice cream and supposedly guilt-free frozen yogurt. In reponse, the leading chains and independents are competing intensely to indulge them with a plethora of flavors and novelties.

"Ice cream is an 'up' product," says vice president of marketing John Sauve of Friendly Restaurants. "How long can you stay unhappy when you're eating ice cream?"

COOL SALES. Ice cream is an "up" industry, too. The retail value of ice cream, frozen yogurt, sherbet, ice milk, and other frozen desserts grew by more than 3% to $9.3 billion in 1987, estimates the Washington, DC-based International Ice Cream Association (IICA). The breakdown is roughly half supermarket sales and half foodservice sales, which includes dipping stores and all other establishments that menu ice cream.

Ice cream was one of the fastest growing limited menu concepts in 1987, according to Bob Siegel of the Evanston, IL-based Restaurant Consulting Group Inc., publisher of the RE-COUNT report. RE-COUNT re-

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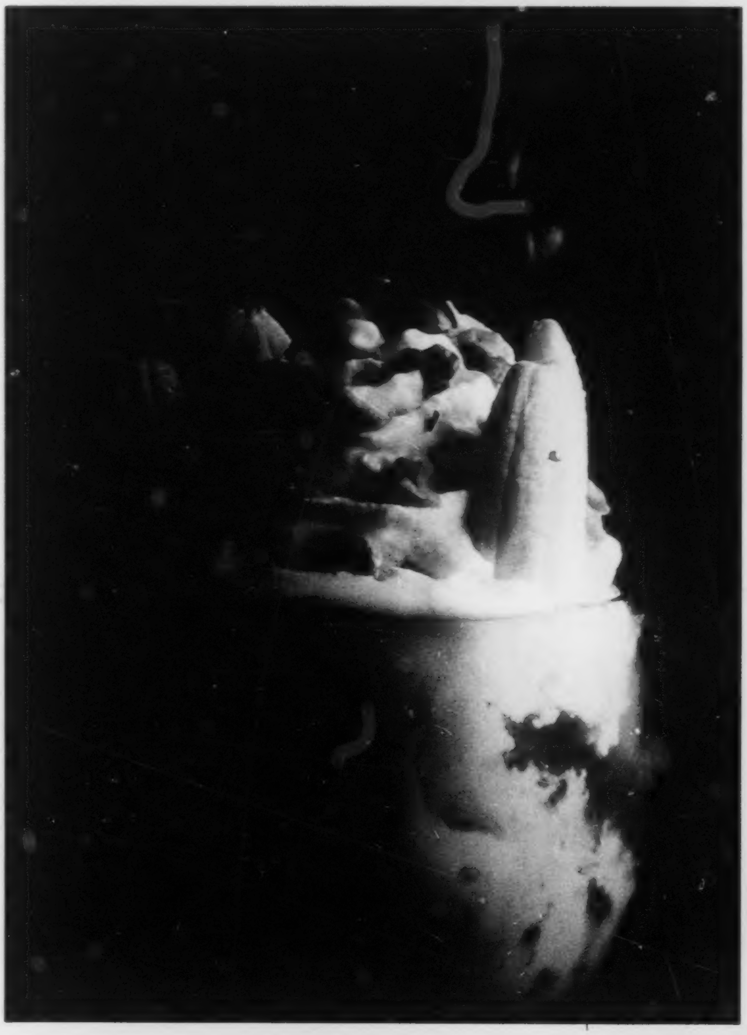
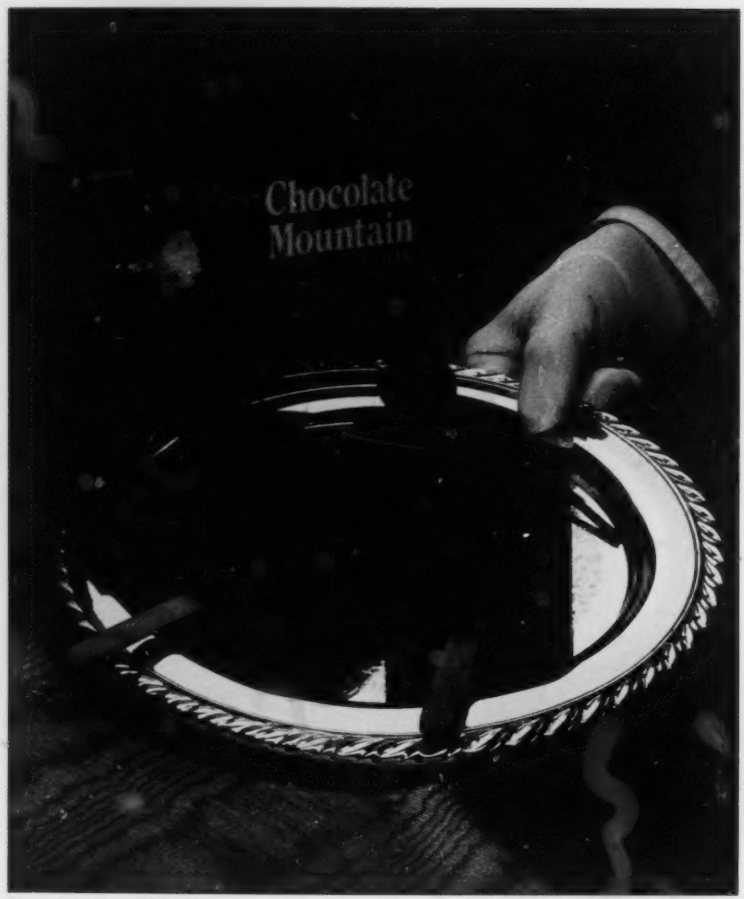


Friendly offers 25 to 30 different ice cream flavors. Pictured is Friendly's Jim Dandy sundae.

LOGO PHOTOGRAPHY BY AMY REICHMAN



International Dairy Queen's new premium novelty, the Chocolate Mountain Bar, is aimed at the take-home market.

ports that the ice cream segment grew from 20,511 units in 1986 to 21,598 in 1987, an increase of 5.3%. This outpaced the overall restaurant industry, which grew 3.7%. Both chains and independents in the ice cream segment increased their growth rates over the previous year, but independents grew more than chains, 6.6% to 4.4%.

"This category is different from many others," says Siegel. "It does not require huge amounts of capital or experience. It is easier to find independent growth here, unlike in the hamburger segment where the top chains provide virtually all the growth."

"We're experiencing an extremely vibrant market, likely to become even more competitive," says Friendly's Sauve. "The consumer is benefiting from the explosion of new flavors and new products."

NOVEL TRENDS. Among the continuing trends in the segment today are an increase in frozen novelties and superpremium ice cream, an expanding galaxy of mix-ins and toppings, and the broadening of menus to include other foods.

Novelties are becoming even more widespread, according to the IICA. Novelties are defined as single-serving frozen desserts, presented on a stick, in a cone, or in a cup. The hottest novelties now appear to be bite-sized products, such as Häagen-Dazs Miniatures, and deluxe ice cream bars such as Dairy Queen's Chocolate Mountain Bar.

Another continuing growth area is superpremium ice cream. "Virtually every shop sells a superpremium ice cream now," says Don Buckley of the Columbus, OH-based National Ice Cream Retailers Association. Superpremium ice cream generally contains at least 14% butterfat, in comparison to the 10% minimum required as standard for the product. Baskin-Robbins has an International Creams tier of flavors; Bresler's has its Royale Cremes. The leading soft-serve players have added upscale hard ice creams as well. Tastee Freez has its Gourmet Homemade flavors; International Dairy Queen has its premium Queen's Choice line.

Mix-ins and toppings range from crumbled cookies and brownies, chunks of brand-name candy bars, and fresh fruits and nuts, to wheat germ and granola in some health-oriented frozen yogurt concepts. Some operations feature upscale toppings such as melted imported chocolate.

A FINE LINE. Ice cream and yogurt may be expanding in popularity, but the segment remains characterized by low average store volumes, fluctuating business, and low returns on investment. It may seem a simple business, but operators report walking a fine line to stay in the black.

Superpremium ice cream, mix-ins, and toppings add value for the consumer and build the check for the operator. Trading the customer up from an 85¢ cone to a $1.50 or $2 deluxe dessert

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Friendly plans on giving supermarkets a run for their money with take-home half-gallons, cakes, and single-serving Sundae Cups.

The retail value of ice cream, frozen yogurt, and frozen desserts grew by more than 3% to $9.3 billion in 1987.

with premium candy mix-ins, whipped cream, and a topping helps to overcome the high rents and other fixed costs of being in business.

Specialty ice cream shops may be an endangered species. Now, even concepts that once sold only frozen desserts are taking a page from mid-priced family restaurants by including snacks or sandwiches. The incremental sales these menus bring can help overcome the daypart and seasonal swings of ice cream. Friendly Restaurants, although it has a strong ice cream identity, does 60% of its business in non-ice cream foods. Brigham's new prototypes give the growing New England chain expanded foodservice capability. And Steve's Ice Cream has expanded menus in development.

FOREIGN MARKETS. In addition to domestic franchising in the $1 billion yogurt market, foreign expansion is booming, particularly in Japan. Led by players such as J. Higby's, Heidi's, and Zack's, several thousand franchise stores await development in the Far East in the next few years.

Opinions differ as to whether frozen yogurt is a mainstream trend or a bicoastal fad. At present, chains are battling to define customer expectations for the product. No consensus exists as to whether frozen yogurt is a healthful food, a luxurious dessert, or combination of both. The polarity ranges from the fresh fruit and granola toppings of Everything Yogurt or Heidi's Frogen Yozurt to the frozen yogurt Hot Fudge Sundae of TCBY and others.

Known best as a major ice cream player, Bresler's Ice Cream & Yogurt has committed itself to yogurt, even adding it to its logo. Baskin-Robbins is pitching 20 flavors of frozen yogurt to its franchisees. Swensen's has yogurt in test as well. Another major player, Häagen-Dazs, has introduced a frozen yogurt, although it has not branded it with the Häagen-Dazs label.

COLOSSUS. "We continue to be excited about ice cream," says president Mike Sullivan of Minneapolis-based International Dairy Queen. The 5,000-unit ice cream colossus continues to develop its leading items and introduce new ones. Last year, IDQ added new brand-name candy mix-ins for the Blizzard soft-serve shake, which mixes in a variety of goodies, including chopped Heath Bars, Oreos, Snickers, and M&Ms. Added were Nestle's Crunch, M&M Peanuts, and fruit-flavored Nerds.

The company will continue to emphasize its 3,600 Dairy Queen Brazier fast-food units. "It's a good, profitable combination of hot food and frozen desserts under the same roof," says Sullivan. Brazier stores report an average unit volume of $454,000, compared to $375,450 for all stores.

Also popular is IDQ's Queen's Choice premium hard ice cream, which is positioned above its standard soft-serve. About one-third of the stores offer the eight-flavor line.

This spring, IDQ rolls out a new novelty targeted at the take-home market. The new Chocolate Mountain Bar is a 5.25-oz., 12% butterfat vanilla ice cream bar coated with premium dark chocolate, sold in two-packs.

Also this year, IDQ is opening seven Treat Centers in shopping malls. These are 800- to 1,000-sq.-ft. installations that sell desserts. "We may have as many as 30 or 40 by the end of the year," says Sullivan.

PRODUCT TWISTS. Glendale, CA-based Baskin-Robbins, second in the segment with 3,400 stores, has several new product twists this year to add to its product line.

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Staten Island, NY-based Sedutto distributes its Italian ice cream specialties to foodservice. It also has about 15 licensed dipping stores.

Both chains and independents increased their growth rates, but independents grew more than did chains, 6.6% to 4.4%.

"This year, it's important for us to move ahead with soft-serve frozen yogurt, expand novelties, and maintain the profitability of our franchised stores," says spokesperson Marilyn Novak. Store refurbishing will continue throughout 1988, with more than half of all stores already completed.

The "home of 31 flavors" is making available 20 flavors of soft-serve frozen yogurt with more than 30 toppings to franchisees on a voluntary basis.

Baskin-Robbins' mainstays are its premium ice creams with flavors such as Jamoca Almond Fudge, Chewy Gooey Chocolate, and Rocky Road, Novak reports, not to mention the continuing popularity of its ice cream Turtle Pie, Mud Pie, and other take-out pies and cakes.

Also establishing a place in the Baskin-Robbins product mix are its trademarked International Creams, which are 16% butterfat ice creams in flavors such as Cappuccino Chip, Almond Amaretto, and Chocolate Raspberry Truffle. As novelties, the company also sells French Vanilla, Tuxedo Chocolate, and Sorbet and Cream bars, four to a package.

De Novo Corp.'s Utica, MI-based Tastee Freez chain has built up a 12-flavor selection of Gourmet Homemade hard ice cream over the past four years. New flavors are Rum Raisin Rum, Walnut Brownie Bash, and Heath Bar. Currently, stores in North Carolina and Florida are testing the hard ice cream in pies and cakes, which keep better in home freezers than soft serve does.

The chain operates about 400 stores in 40 states, all franchised, "mainly in third and fourth tier markets," says marketing director Chris Raab. The strongest trading areas are in Oklahoma, Texas, Kansas, Arkansas, Virginia, and the Carolinas. Average unit volume is $240,000.

JOINT VENTURE. A joint venture agreement is under way with the Minneapolis-based Mr. Donut chain, a Tastee Freez sub-franchisee. "We mesh well together in dayparts and seasonality," says Raab. Testing of Tastee Freez soft serve has begun in Mr. Donut stores in Minneapolis and Florida.

Since the 1960s, Tastee Freez has offered hamburgers, hot dogs, and other sandwiches in many of its stores, now comprising three-quarters of the chain. Some stores have salad bars and serve breakfast.

It's been a memorable year for Steve's Homemade Ice Cream and Swensen's Ice Cream. The Lindenhurst, NY-based superpremium chain bought the Phoenix-based Swensen's in fall 1987. Both concepts will operate under their original names. This spring, new corporate offices in Andover, MA, will become joint headquarters, a return to the Boston area where Steve's began.

Swensen's operates 325 units. Steve's has close to 100 domestic stores and more than 15 units in Japan. Company estimates of systemwide sales for 1987 are $35 million for Steve's, $90 million for Swensen's.

"Steve's will hopscotch across the country from its eastern markets," says Emily Skoler, vice president of marketing and advertising. Southern California is an especially targeted area. In turn, Swensen's, largely located in the West, will come east.

There are apparently no worries about either concept stealing the other's business. "The two trademarks are very distinct," says Skoler. "Swen-

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sen's is a 14% butterfat premium ice cream. Steve's, on the other hand, is the innovative superpremium ice cream chain that pioneered the mix-in concept."

TESTING YOGURT. Several Swensen's units are testing frozen yogurt. "We need to know if it will garner incremental sales or if it will cannibalize them," says marketing director Howard Englander. "We will not be hasty about a rollout."

Swensen's, billed as The Sundae Architects, is switching to an all-natural ice cream this year, beginning with California stores this spring. Concurrently, Earl's Custom Combinations will roll out a new line of eight to 12 combination flavors such as Chocolate Macadamia Nut.

At Steve's, the search is on for a food identity. Several stores are being remodeled to accommodate food operations, with more to follow.

Ice cream is an integral part of the business of Wilbraham, MA-based Friendly Restaurants, founded in 1935. The family restaurant chain does 35% to 40% of its business in ice cream, amounting to $200,000 to $300,000 per store. The Friendly system consists of 850 restaurants in 15 states, with systemwide sales of $536.4 million in 1986.

"Ice cream casts a fun halo over our

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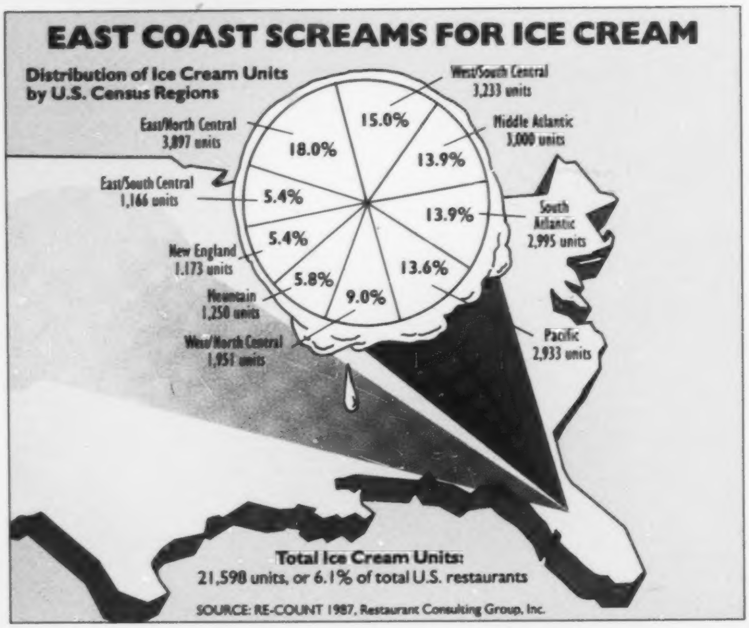
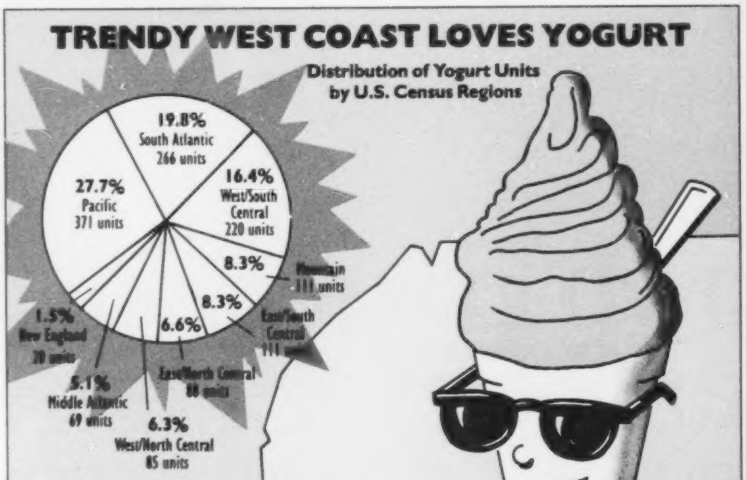


SOURCE: RE-COUNT 1987, Restaurant Consulting Group, Inc.

Trends include frozen novelties, superpremium ice cream, more mix-ins and toppings, and broadening menus.



SOURCE: RE-COUNT 1987, Restaurant Consulting Group, Inc.

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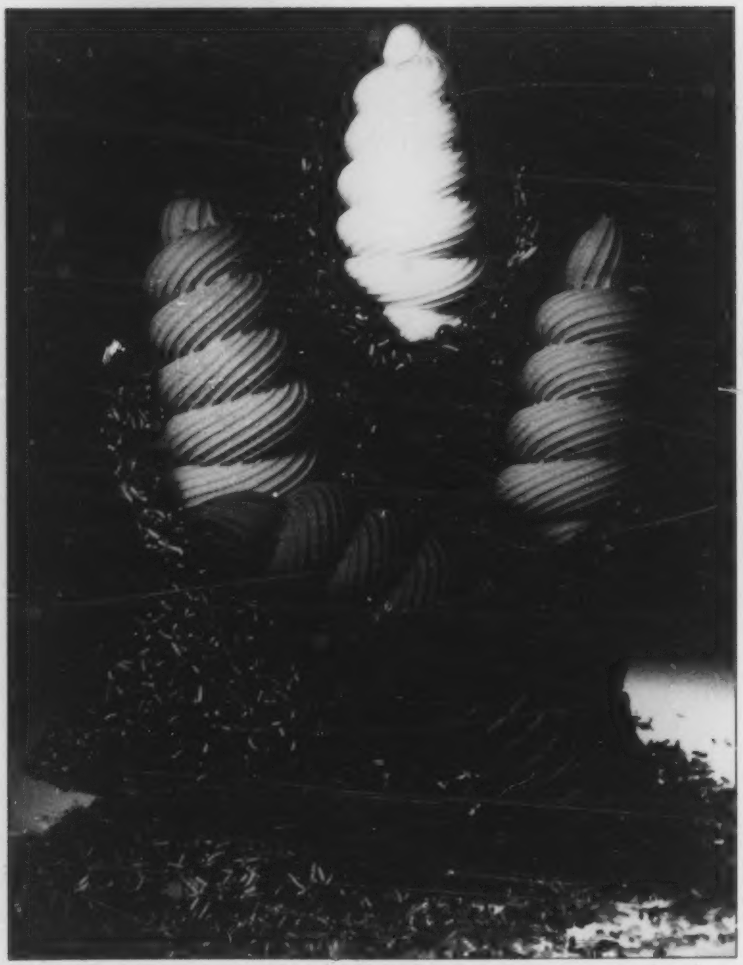

Twistee Treat Corp. has developed technical innovations to ease national expansion. Pictured are fancy waffle cones.

restaurants," says Friendly vice president of marketing John Sauve. "It differentiates us from the competition."

More than 90% of all ice cream is consumed at home, points out Sauve. "The better the ice cream gets in supermarkets, the more competition it is for us," he says. Friendly tries to counter this by offering 25 to 30 flavors, a wider variety than supermarkets offer. "We meet customer needs that supermarkets can't satisfy," he says.

For example, Friendly offers single-serving Sundae Cups, in flavors such as Reese's Peanut Butter Cup, Reese's Pieces, Classic Strawberry, Original Fudge, Ultimate Chocolate, Merry Mint, and Mr. Goodbar. The Sundae Cups are priced at $1.29 each, three for $2.99, and twelve for $9.99.

NEW FOCUS. Des Plaines, IL-based Bresler's Ice Cream & Yogurt, renamed from Bresler's 33 Flavors, has wholeheartedly embraced frozen yogurt. The 300-unit national chain is now officially the Bresler's division of Oberweis Dairy Inc., of Aurora, IL, after being acquired by the privately owned dairy last year.

Recently appointed president David Lasky has directed the systemwide name change and marketing refocus. "More and more of our customers are health-conscious and prefer frozen yogurt over ice cream," he says. "Nearly 25% of our shop sales are in yogurt, and we see that increasing."

Bresler's has not forsaken its 33 standard ice cream flavors, Lasky points out. But it will offer 12 to 15 flavors of frozen yogurt, sold four at a time on a rotating basis. The company has added two new soft-serve machines and a toppings bar in its stores.

Also menued are the trademarked superpremium Royale Cremes ice cream line, sherbet, Weight Watchers Frosted Treats, and the Ice-Quake, a frozen yogurt shake with mix-ins. Many stores also offer cookies and other baked treats.

"We feel we can double unit volumes over the next two years," says vice president of marketing Albert Till. "Our method is to attract a whole new customer with items like yogurt and Royal Cremes." Current store sales volume is about $125,000.

Bresler's reports encouraging sales of more than 8% systemwide for its Royale Cremes ice cream line, rolled out last May. "More important than successful sales of the product itself, Royale Cremes have benefited our bottom line by creating incremental gross profits systemwide," says Lasky.

"Our goal is to increase overall sales by 10% to 15% in 1988, and we see Royale Cremes as a crucial factor in that," says Lasky. "We'll continue to feed the demand for superpremium novelties while amplifying our efforts to sell standard flavors and frozen yogurt."

Teaneck, NJ-based Häagen-Dazs, a

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Brigham's new prototypes are equipped with grills and fryers to give the New England chain expanded foodservice capability.

Superpremium ice cream contains at least 14% butterfat, compared to the 10% minimum.

subsidiary of Pillsbury Co., sells superpremium ice cream under the slogan "The Finest Ice Cream In The World." The company has also recognized the growing popularity of frozen yogurt by rolling out its own, prepared exclusively for Häagen-Dazs, but has not awarded it the Häagen-Dazs name.

The Häagen-Dazs Bar has enjoyed "double digit" growth since its introduction more than two years ago, says vice president of marketing Beth Bronner. A new novelty is Häagen-Dazs Miniatures, bite-sized luxury vanilla, chocolate, and coffee ice cream bars dipped in Belgian chocolate. They are sold individually or in six- or 12-piece gift boxes. They will be more heavily promoted during holiday periods, especially Valentine's Day.

Last year, Häagen-Dazs introduced its Special Additions line of superpremium ice cream with added nuts and chocolate chunks. The three Special Additions are Chocolate Chocolate Mint, Macadamia Brittle, and Mocha Double Nut.

Häagen-Dazs operates approximately 300 Ice Cream Shoppes nationwide. It also sells to supermarkets and to foodservice in bulk. The company has enjoyed "double-digit growth over the past five years," says Bronner, but she declined to discuss systemwide sales.

Arlington, MA-based Brigham's Ice Cream, a Boston-area institution since 1914, has big plans for the future. It plans to expand its current base of 72 restaurants in Massachusetts and New Hampshire to 150 throughout New England and in New York and New Jersey by 1992.

FOOD SALES. Brigham's is moving beyond the mainly take-out operations of its limited-seating older units. Newer prototype restaurants are 1,500 to 2,200 sq. ft., equipped with grills and fryers. Projected volume for the new stores is $425,000, according to president Dick Silva. He breaks this down to $250,000 in dipping business, the remainder in incremental sandwich sales.

The prototypes will feature Brigham's new decor. "We've got the warm, nostalgic feel of a classic ice cream parlor and sandwich shop," says Silva. The decor features wooden booths, burgundy and white upholstery, and art deco touches.

Brigham's sells one million gallons of 15% butterfat ice cream annually in its restaurants and parlors and an equal amount in major New England supermarkets. "Selling in supermarkets hasn't hurt us a bit," says Silva. "Our research tells us that 85% of people who shop have ice cream on the their list. So why not get those sales?"

Brigham's has also introduced an old product that seems to be making a comeback in New England—ice milk. In January, Brigham's launched a three-flavor line of gourmet light ice milks at 6% butterfat with the theme, "Flavors That Won't Go To Waist." In addition to plain vanilla light ice milk, Brigham's has rolled out two mixed-in flavors, Assorted Chocolates and Wild Berry Crumble. The rollouts were supported by a half-price dessert offer with lunch.

NEW TECHNOLOGY. Until the last quarter of 1987, North Ft. Myers, FL-based Twistee Treat Corp. operated 37 stores exclusively in Florida. At that time, a three-year research and development campaign yielded technological innovations that the company says will make national expansion possible.

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Together with dairy and equipment interests, Twistee Treat developed a proprietary 10.5% butterfat ice cream mix that extends shelf life to 90 days, from the standard 10 to 14 days. They developed a practical, cost-effective one-way container that does not require return shipping for refilling. And they developed a new, patent-pending dispensing system that produces 80 flavors using just two base mixes: chocolate and a neutral base flavored at the store.

"These breakthroughs make it possible to ship our ice cream anywhere in the world," says R.G. "Skip" Skinner, founder and chairman. "They will enable us to become one of the dominant forces in the multi-billion-dollar international ice cream industry."

By early this year, Twistee Treat had opened stores in North Carolina, Texas, New York, and California. It says it has collected deposits on 707 locations slated to open over the next five years. Twistee Treat's primary prototype is a patented, 308-sq.-ft., fiberglass unit in the shape of an 18-ft.-tall ice cream cone. Also in use are 220-sq.-ft. kiosks.

OTHER AVENUES. Fairfield, IA-based Great Midwestern Ice Cream Company "looks for niche opportunities to get our product into people's mouths," says president Harris Kaplan. The company sells proprietary superpremium ice cream and made-from-scratch soups and sandwiches on fresh-baked bread in several of its six units.

However, the company is deemphasizing its franchise program in favor of other growth avenues. "Now, we're looking for long-term relationships with motivated distributors," says Kaplan. Great Midwestern Ice Cream is available in some 2,000 retail stores in cities across the country, including Boston, New York City, and Seattle. It purveys to 250 restaurants and ice cream parlors.

Great Midwestern also produces signature flavors for client companies, such as the Frango Mint ice cream served in the dining room of Marshall Field's department store in Chicago.

Kaplan points out that Great Midwestern's ice cream is made from a proprietary formula that doesn't use eggs. "It has a cleaner dairy taste," says Kaplan. "The eggless formula allows us to make subtle flavors, such as black raspberry, blueberry, and Hawaiian Kona Chip, which has Kona coffee and Belgian chocolate in it."

DRUMSTICKS. Ice cream novelties are on the rise at Victoria's Kitchen and Ice Creamery, a four-unit chain in the St. Louis area owned by Hanko Corp. "We can't keep our homemade drumsticks in the stores," says owner Brent Punch. He refers to a vanilla ice cream

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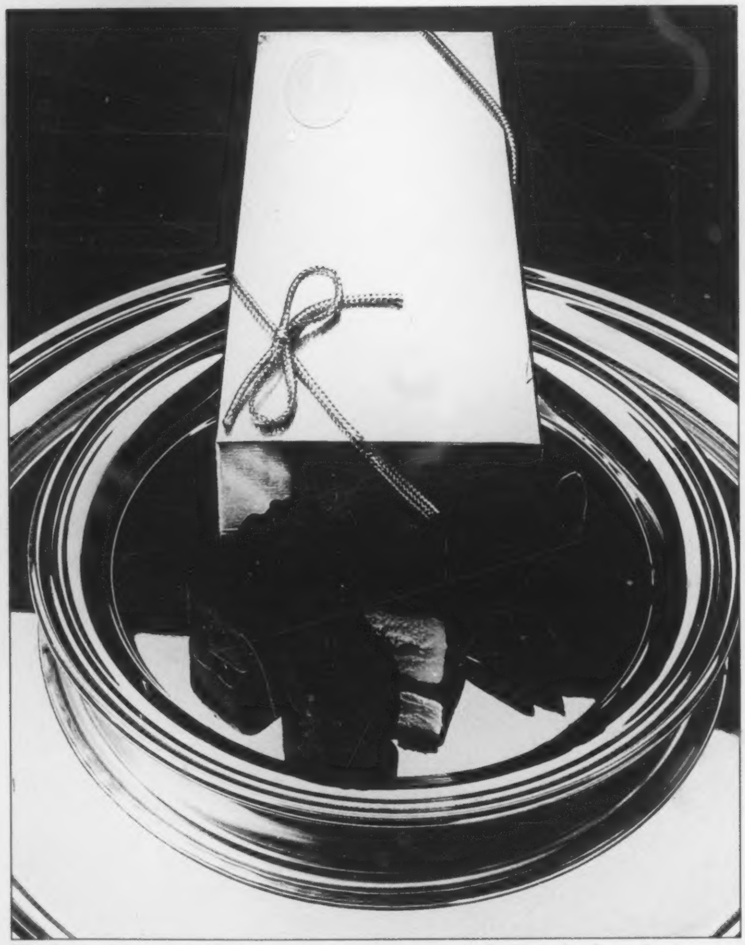

The hottest frozen dessert novelties now appear to be bite-sized products, such as Häagen-Dazs Miniatures.

cone dipped in thick chocolate and coated with almonds, sold for $4.99 a box. Also selling briskly are waffle and pretzel ice cream cones, and frozen chocolate-dipped bananas on a stick, with almonds.

Former Coca Cola executives Mark Kaplan and Bob Solomon switched from corporate life into entrepreneurship when they bought Gorin's, an Atlanta ice cream institution, from founder Steve Gorin last year. Now they are CEO and president, respectively, of a privately owned, 33-unit company. "We plan to make Gorin's Homemade Ice Cream and Sandwiches into a strong regional chain," says Kaplan.

TARGETING ADULTS. Gorin's marketing targets adults aged 24 to 49. "We try to make you feel like a kid again in an adult way," says Kaplan. Special flavors such as White Russian, Amaretto Almond, Raspberry Truffle Swirl, and Snicker Ripple Fudge are made at a manufacturing facility in Atlanta. Ice cream accounts for 60% of sales. The remaining sales come from Gorin's salads and sandwiches, prepared with custom-baked egg bread and other specialty breads.

Staten Island, NY-based Sedutto is now a division of Schrafft's Ice Cream Co. Ltd., which acquired it from Pillsbury last year. Schrafft's is a packaged ice cream label. Sedutto, known for its Italian ice cream specialties such as spumoni and tortoni, is distributed primarily to foodservice. It is dipped by 150 to 200 independent operators, primarily in the New York metropolitan area. The company also has about 15 licensed dipping stores with the Sedutto name.

Like many other companies, Sedutto's is looking at frozen yogurt. Vice president of sales and marketing Steve Capece sees no conflict with ice cream. "You don't have to be one or the other. The two can work in tandem.

"This industry needs to diversify its product mix more," says Capece. "We need to be more aggressive in marketing both inside and outside of the stores. We need to sell to schools and restaurants, and compete with distributors. Promotional efforts could include mailings to offices, delivery of ice cream cakes, and catering for Christmas parties and other holidays."

FROZEN YOGURT. The frozen yogurt segment may be headed for a dramatic shakeout in the next several years, predicts Richard Nicotra, chairman of the 160-unit Everything Yogurt of Staten Island, NY. "There's uncontrolled growth," says Nicotra. "Sales have climbed from $40 million to $750 million in the last five years. New and inexperienced vendors are entering the business. But this industry cannot support a store on every corner."

Nicotra sees parallels between frozen yogurt and some of the rise-and-fall concepts of the past. "Ice cream,

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I Can't Believe It's Yogurt offers six to nine flavors of frozen yogurt daily, in cups, cones, parfaits, sundaes, Fruit Smoothies, waffle cones, and pies.

cookies, hamburgers, chicken—they've all been marked by many casualties among smaller independents. The survivors will be strong, diversified chains with prime locations, well-defined concepts, and clear-cut marketing goals."

"I believe yogurt is moving closer to traditional soft-serve ice cream," says International Dairy Queen's Mike Sullivan. "The yogurt taste is disappearing. But people may trade off to Dairy Queen because, frankly, we think our product tastes a lot better."

"Years ago, when I first tasted frozen yogurt, I said I'd never eat it again," says Albert Till of Bresler's Ice Cream & Yogurt. "I've changed my mind. Today it's a vastly improved product."

NEW TERRITORY. The Country's Best Yogurt (TCBY), of Little Rock, AR, is blazing new territory for frozen yogurt chains. TCBY will be the first yogurt player to broadcast a national message when it goes on network TV this spring. "We'll reach a wide range of people," says senior vice president of marketing Roger Stout. "We'll also reach those who identify the product with fruit-at-the-bottom supermarket yogurt." Stout declined to reveal details, but he admitted that the commercial "will not ignore the health issue."

TCBY says that its yogurt has almost 50% fewer calories and 80% less fat than premium ice cream, and is 96% fat free.

The frozen yogurt segment leader, founded in 1981, operates more than 800 stores in 49 states, Canada, and the Bahamas. TCBY offers 29 flavors of frozen yogurt, yogurt shakes, waffle cones and waffle cone sundaes, crêpes, Belgian waffles, and a Lite Bite line of calorie-reduced yogurt desserts.

Stout believes that the competition in the yogurt segment is positive. "The more people get into frozen yogurt, the higher their awareness of the category. But, we believe we'll win out in the long run on taste."

Everything Yogurt, founded in 1976, is the country's oldest yogurt chain, according to chairman Richard Nicotra. It has 160 stores in its system, coast to coast, and anticipates 40 more this year. Nicotra expects sales to exceed $30 million this year.

'DOUBLE HEADS.' "The days of going into a shopping mall and selling just frozen yogurt are gone," says Nicotra. "You wouldn't be able to pay the rent, not to mention fees." For that reason, Everything Yogurt "double heads" its stores. Everything Yogurt occupies two-thirds of the space; the rest is occupied by another concept, Bananas Frosty Fruit Shakes. "This allows us to do a third more volume in the same space," says Nicotra. In addition, the Everything Yogurt menu offers salads, quiche, soups, and sandwiches.

"We're a restaurant chain offering consumers a healthy, fast, and inexpensive alternative to fast-food fare,"

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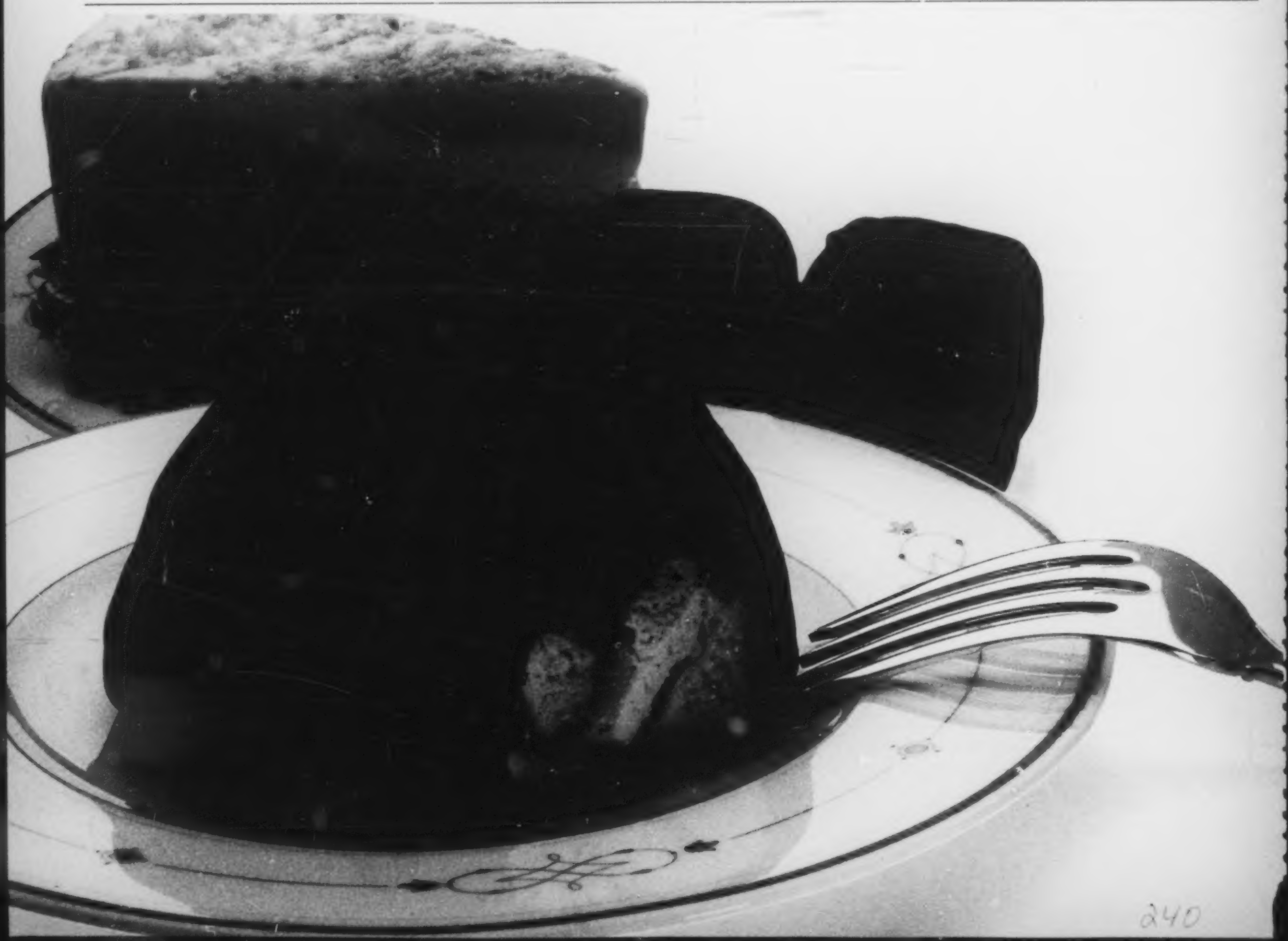
THE CREAM OF THE CROP

Foreign expansion is booming, particularly in the Far East and Japanese markets.

TOP FIVE ICE CREAM CHAINS

COMPANY HEADQUARTERS	TOTAL UNITS	TOTAL SALES
INT'L DAIRY QUEEN MINNEAPOLIS, MN	5,002	$1.9 BILLION
BASKIN-ROBBINS GLENDALE, CA	2,511*	$460 MILLION*
FRIENDLY ICE CREAM CORP. WILBRAHAM, MA	840	$572 MILLION
CARVEL CORP. YONKERS, NY	850*	$245 MILLION*
TASTEE FREEZ INTERNATIONAL UTICA, MI	400	$104 MILLION

*ESTIMATED BY TECHNOMIC & CO. INC.



TOP FIVE FROZEN YOGURT CHAINS

COMPANY HEADQUARTERS	TOTAL UNITS	TOTAL SALES
THE COUNTRY'S BEST YOGURT LITTLE ROCK, AR	822	$121 MILLION
PENGUIN'S PLACE THOUSAND OAKS, CA	120	$30 MILLION
EVERYTHING YOGURT STATEN ISLAND, NY	160	$25 MILLION
I CAN'T BELIEVE IT'S YOGURT DALLAS, TX	125	$25 MILLION
ZACK'S FAMOUS FROZEN YOGURT METAIRIE, LA	140	$20 MILLION

says Nicotra. "Our success, in large measure, results from marketing frozen yogurt as a meal and not a dessert. We've always protected the integrity of the product."

Needless to say, candy mix-ins and sweet toppings are out. For one price, the customer gets any or all toppings, which include fresh fruits, granola, and wheat germ.

BELIEVE IT! Dallas-based I Can't Believe It's Yogurt (ICBIY) began franchising in 1983. Last year, it grew from 63 to 117 stores. It has at least 125 now, and anticipates a total of 250 units by the end of 1988. The company, founded in 1977 by Julie and Bill Brice, trades in 25 states. This year it will open new stores in New York City; Maui, HI; and Chicago.

Each ICBIY store offers six to nine flavors of frozen yogurt daily, in cups, cones, parfaits, sundaes, Fruit Smoothies, waffle cones, and pies. It has 29 toppings available, including

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J. Higby's
YOGURT

J. Higby's Yogurt & Treat Shoppes is committed to becoming a national player; the company has opened 12 regional offices in major cities.

fruit, candy, granola, nuts, and cookie chunks. Signature items include Parfait Delight, a layered combination of frozen yogurt and fruit; Fruit Crunch, a cookie-crumb crust filled with yogurt and fruit; and the Cookiewich yogurt sandwich.

Metairie, LA-based Zack's Famous Frozen Yogurt Inc. reports that it has 140 stores in 20 states and Canada, and 400 additional franchise agreements signed. Expansion to Japan is slated this year. New markets such as Hong Kong and Taiwan are anticipated.

Yogurt marketing is evolving away from its old image, reports Zack's president Steven Watts. "Three or four years ago, we mainly appealed to the female and youth-oriented market," he says. "Today, 40% of our customers are male."

In addition to the six flavors of premium soft-serve frozen yogurt made at its own plant, Zack's is rolling out a new product that targets the carry-out market. It is a five-flavor line of hard-packed frozen yogurt in pint packages, featuring blended-in fruits and nuts. The five flavors are French Vanilla, Strawberry Cheesecake, Cherry Cheesecake, Banana Split, and Rum Raisin. There also is a new 4.5-oz. "squeeze up" container for vanilla, chocolate, and strawberry hard-packed yogurt, which will be sold individually or in six-packs.

The new hard-packed yogurt is formulated to keep in the home freezer without the crystallization that occurs with soft-serve yogurt. "It's a new dimension in our product line," says vice chairman David Watts. "Up to now, our product has mostly been consumed on-premise. This will make us more competitive with ice cream for take-home sales."

Franchising is exploding at Rancho Cordova, CA-based J. Higby's Yogurt & Treat Shoppes. Founded in 1983, Higby's has sold 219 franchises; 89 are already open. Committed to becoming a national player, the company has opened 12 regional offices in major cities. Internationally, Higby's has licensed some 2,000 units in Japan over the next five years. Other Asian development is slated for Singapore, Malaysia, and Korea.

NONFAT PRODUCT. Last winter, Higby's rolled out a proprietary nonfat frozen yogurt in its West Coast stores with the slogan "Best NonFat or Your Money Back." "It's been a real surprise to us," says vice president of finance Dick Crosby. "In some of our stores, it amounts to 50% of sales now, much of it incremental."

This spring, Crosby anticipates the rollout of a premium hard-pack frozen yogurt in pints and quarts for the take-out market. "We expect it to have a major impact on sales."

Penguin's Place Frozen Yogurt was founded in 1983 and has been franchised by The Hardin Group of Thousand Oaks, CA, since 1985. With 120 stores and 1987 sales of $30 million,

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Penguin's major base is the Los Angeles area, where it has 62 stores. It also operates elsewhere in California and in Hawaii, Colorado, Dallas, and Phoenix.

"Our first goal is to expand within our current markets to create a critical mass of stores for advertising and purchasing power," says president Bill Hawfield of The Hardin Group. "Secondly, we want to move further into the Sunbelt.

"Undoubtedly there's a strong health direction in yogurt, but we're selling dessert," says Hawfield. "Kids look to us as a candy store. But if you run in here in a jogging suit, you can get a cup of yogurt with fresh strawberries."

FAMILY TRADE. Penguin's Place features frozen yogurt sundaes such as Brownies 'n Fudge, Cantaloupe Cooler, and Strawberry Shortcake. Sundaes are available with an assortment of toppings and mix-ins that includes hot fudge, fresh fruit, crumbled brownies and cookies, and Jelly Bellies. Absent are "adult," liquor-laced flavors, in deference to the family trade.

Average unit volumes are around $450,000 in L.A. units, $300,000 overall, according to Hardin. For locations, Hawfield prefers neighborhood strip centers to enclosed malls. "Business is strong for us between the evening hours of 8 and 10 p.m. We wouldn't want to lose that because of a mall that closes earlier."

A NATURAL. High on the health and fitness end of the frozen yogurt spectrum is Heidi's Frogen Yozurt of Laguna Hills, CA, founded and directed by Heidi Miller, who attained fame as a gymnast, bodybuilder, and Miss Natural America. She named her concept after a slip of the tongue.

Heidi's has more than 100 locations in six states, opening at the rate of five per month. In Japan, 353 franchises are slated to open this year. Systemwide sales for the nine months ending September 30, 1987, were $16 million. Stores do an average volume of $350,000; some units generate up to $1 million.

"My yogurt is either low- or nonfat and fructose- or honey-sweetened and contains nothing artificial," says Miller. Heidi's 30 toppings and mix-ins are healthy, she says. They include carob chips, cashews, peanut butter, walnuts, almonds, fresh-fruit chunks and purees, and Belgian chocolate brownies. A machine called Heidi's Custom Culture mixes them in.

Competition is likely to intensify in the ice cream and frozen yogurt market segment, with casualties to follow. For now, the consumer is the clear winner. Like a kid in a candy store, he is presented with a widening array of concepts, novelties, and flavors from which to choose. ■

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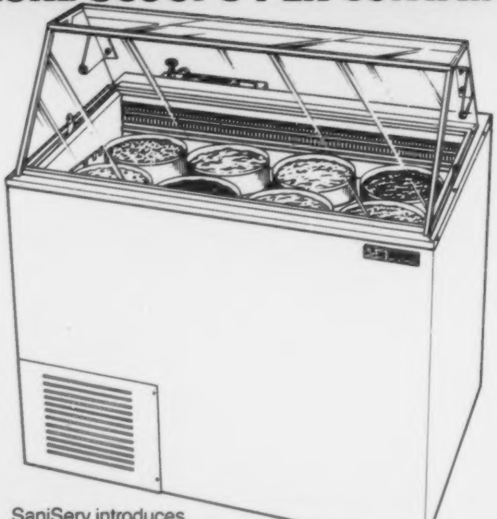

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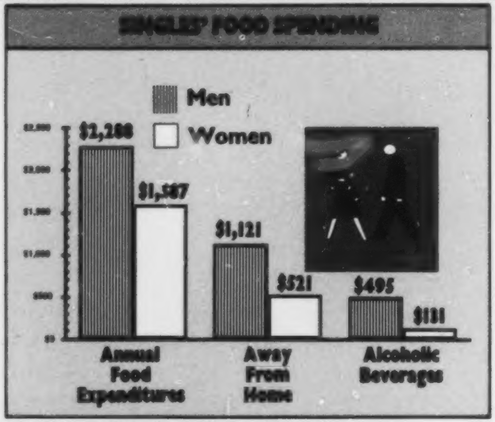
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

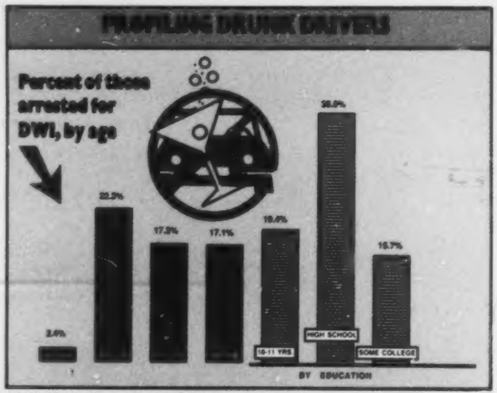
By Howard Riell



SOURCE: Bureau of Labor Statistics/*American Demographics*

Singles: Women Eat Out Less Than Men

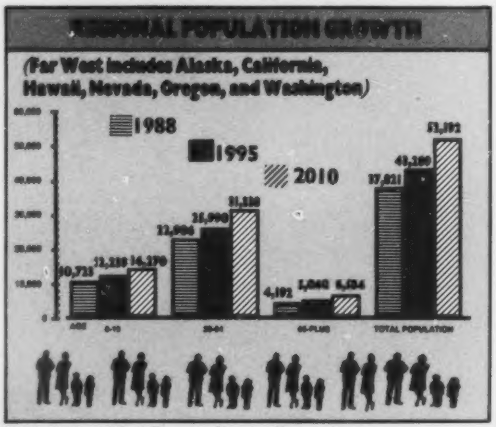
Does the female market hold as much promise as many foodservice marketers today believe? The numbers indicate that it does, but marketers need to educate the single female consumer to build frequency. According to the Bureau of Labor Statistics and *American Demographics*, today's single men set aside a larger share of their income for food away from home than do single women. Further, when those women do eat out, they spend only half as much (roughly) as their male counterparts. Drive-thru operators take note: Women also own fewer cars, and spend more on public transportation.



SOURCE: U.S. Dept. of Justice/*USA Today*

Recognizing Which Customers To Cut Off

Knowing which of their customers is likely to be a drunken driver can be valuable. A study by the U.S. Department of Justice profiles convicted drunk-driving offenders, and provides subtle warnings for perceptive operators: 94.7% are males; 85.6% are white, 9.8% black. The majority, 39.1%, are divorced or separated; 22.2% are married; 36.7% are single. More than 67% of convicted drunk drivers were employed at the time of their arrests. Most spent four to five hours drinking before their arrests, consuming roughly 6.3 oz. of alcohol.



SOURCE: Woods & Poole Economics/*American Demographics*

Go West, Young Man, Far West

From now until the year 2010, the Far West region—which includes Alaska, California, Hawaii, Nevada, Oregon, and Washington—will gain approximately 14 million residents, the most in the nation, according to *American Demographics'* projections. Service jobs, the study also states, should increase by about 39%. While there will be 6.8 million new households, they will be smaller: 2.39 members, down from the current 2.6. The fastest-growing group will be those aged 65 and over, increasing by 57%; 20- to 64-year-olds will increase by 37%; the group under 20 will grow by about 30%.

CHARTS DESIGNED BY SHARIFANG

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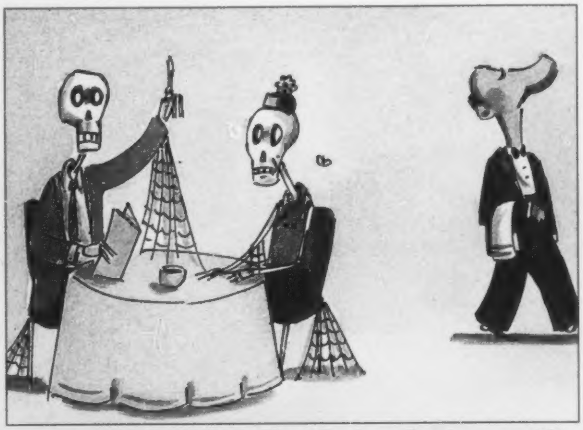

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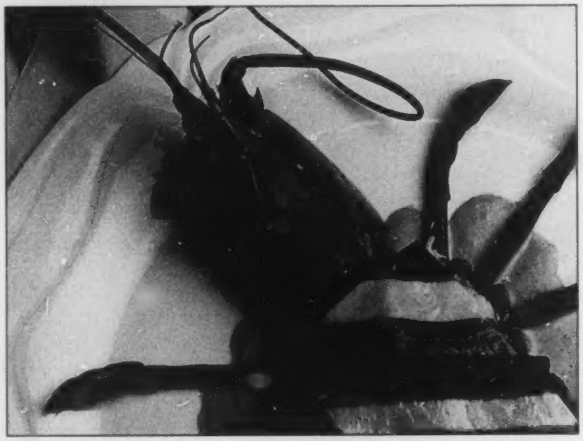

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Cover photograph by Tom Sobilik/Black Star

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STEAK

Many steak chains have repositioned as midprice family operations, with elaborate food bars; others are refocusing on beef.

BY JACQUE WHITE KOCHAK

Although the steak-house segment is viewed by many as moribund and uninteresting, it has actually been very volatile in the past few years. Declining beef consumption had forced major changes in the segment, as operators rushed to broaden their menus with chicken, fish, and salads.

Today, many steak chains have successfully repositioned as midprice family operations, with elaborate salad and food bars. Meanwhile, the decline in beef consumption may have stabilized, and some chains are refocusing on steak.

BAD PRESS. "The steak places have suffered from a lot of bad press," says George Rice, president of GDR/CREST Enterprises Inc., Park Ridge, IL. "But there's a basic foolishness to all this. Steak is one of the primary items purchased at upscale restaurants. Eliminating steak is really foolhardy. There's nothing wrong with being trendy, but don't walk away from one of the primary menu items."

According to research conducted by *Restaurant Business*, in 1986 67% of restaurants served some kind of steak on their menus. Steak was most popular in full-menu and higher-dollar-volume restaurants. Customers are still eating steak; it's just that steak-house chains have to work harder for their share of the market.

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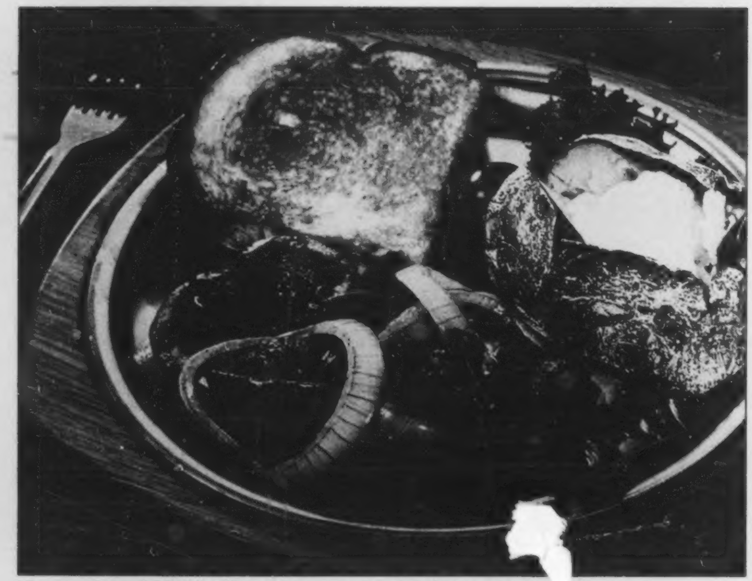
Jacque White Kochak is a contributing editor based in the Westchester County, NY, area.

Stuart Anderson's

Although Stuart Anderson's menu offers mostly beef items, it also offers five fish dishes plus combination plates.



Kansas-based Sirloin Stockade cuts fresh USDA select and choice beef in its units, and naturally ages the meat.

Declining beef consumption forced major changes in the segment, as operators rushed to broaden menus with chicken, fish, and salads.

"It's a dogfight," says Gale Premer, president of Hutchinson, KS-based Sirloin Stockade. "Up until three years ago, the segment was growing. Now we have to fight to get customers away from others." Sirloin Stockade is a chain of 66 moderately priced steak houses in the Midwest. "Let's face it. This segment is 25 years old. We're no longer dazzling, but we're still strong. None of us is going to die and go away, but we win or lose the battle by how well our stores are run."

There may be a rebirth of the public's interest in steak. "I think that the interest in red meat has come full circle," says CREST's Rice. "The impact of declines in red meat consumption has been felt, and I think we're going to see a resurgence of steak."

VIABLE MARKET. "I see a lot of things happening among upscale steak houses like Morton's and Ruth's Chris Steakhouses," agrees Nick Castaldo, vice president of marketing for Dallas-based Steak & Ale Restaurant Corp., a Pillsbury subsidiary. "I see a lot of stirring of the pot, a lot of advertising. It seems like a lot of things that become trends originally start at the top. Anyway, the business is so large and so many companies have gotten out of selling steak that there is a large and viable market."

In fact, Kansas City-based Gilbert/-Robinson Inc., which operates a number of specialty restaurants under different names, last year converted its Plaza III flagship restaurant in Kansas City to a steak-house concept.

The dining room that once served continental cuisine now serves a pared-down menu of high-quality Kansas City beef. The atmosphere is conservative and traditional, with dark woods, starched white tablecloths, and polished brass. Walls are covered with old photos, Remington reproductions, and memorabilia from the city's cow-town past, including a 100-year-old saddle.

Kansas City is known for steak, and Gilbert/Robinson says that Plaza III will remain a one-of-a-kind operation, not intended for expansion. Nevertheless, the restaurant's sales have exceeded projections.

IS BUDGET DEAD? Although steak continues to be an attractive menu alternative, nearly everyone agrees that the old "budget" steak-house segment is dead. Basically, the segment went through a shake-out in the late '70s, and a shift was made to seek a broader market. Now the typical low-priced steak house competes directly with other family-style restaurants.

"Almost everyone in that category is moving away from being strictly a steak house," says Anne Powell, director of communications for Orlando-based General Mills Restaurant Group, which operates York Restaurants. "The strategy of a very low check average remains, but I think you should call the segment 'budget/value' today."

Powell sees the new, redefined segment as strong and viable, but adds that chains in the segment are in a constant state of flux. Because of their low check averages, both high volumes and good locations are necessary; that means old sites are constantly being evaluated as demographics change. "But there's definitely room for everybody," she says. "You just have to have a good location with a high volume of traffic."

Whether there is room for a new steak-house chain to develop is a different question, however.

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Denver-based Mr. Steak is distinguished by its refusal to follow suit with an elaborate food bar, but it does offer customers alternatives to beef.

"The steak segment is like the burger segment. You just can't get into it anymore. There's just not a lot of room for another chain," says Mark McCall, president of Greenville, SC-based Ryan's Family Steak Houses.

FOOD BAR FACTOR. The most important factor in the revitalization of the budget steak segment was the introduction of giant food bars. By offering a quantity of different foods at very low prices, the food bars appeal to families. A family of four can eat from a food bar for not much more money than they would spend at a fast-food restaurant.

From an operations standpoint, however, the giant food bars can be very costly to run. Ryan's Family Steak Houses has gained tremendous attention because of its success with a giant U-shaped Mega Bar, but Ryan's president McCall points out that food costs run a high 44% to 46% on the bars.

"If everybody tries to offer hot food bars, eventually the ones who can't afford to run the bars could be wiped out," says McCall.

Sirloin Stockade's president Premer agrees. "Because there are so many items on the bar, food costs vary more and are harder to control," he says. "Our restaurants are definitely more difficult to run now."

BACK TO BEEF. While budget steak houses are expanding their markets beyond traditional boundaries by adding to their menus, many mid-priced steak houses are retrenching and returning to their identities, placing even more emphasis on steak.

Among these is Dallas-based Steak & Ale, part of Pillsbury subsidiary S&A Restaurant Corp., which also owns the Bennigan's chain. Steak & Ale operates 165 units in 25 states.

Pillsbury is the country's fourth largest food company, with sales last fiscal year of $6.1 billion, but the company's restaurant properties have been languishing, hurting Pillsbury's profitability and sparking speculation at press time that one or several of the company's restaurant chains would be sold. Pillsbury also owns Burger King and Godfather's Pizza. There has also been recent speculation that Pillsbury could become the target of a takeover attempt.

Because of softness in sales, this has been a year of redirecting strategy and rebuilding for Steak & Ale, according to vice president of marketing Cas-

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According to *RB* research, 67% of restaurants served some steak on their menus; it is most popular in upscale, full-menu restaurants.

taldo. The company does not publish sales figures, but Steak & Ale's systemwide sales are estimated at over $200 million, with average unit volume of around $1.5 million. Average check is $13.

The emphasis has been on returning Steak & Ale to a position in customers' minds as a classic steak house that can be relied on to serve a consistently good steak. "A lot of chains were spooked by reports that customers were eating less red meat," says Castaldo. "They were diversifying out of the category. Steak & Ale was experimenting with a similar strategy, offering more salads, fish, and chicken in an attempt to broaden our customer base and diversify away from red meat.

"After extensive surveys, we found that our business was very heavily weighted toward frequent users, and they liked us just the way we were."

In fact, says Castaldo, frequent users represented over 80% of Steak & Ale's business. But Steak & Ale, with all its twists and turns, had lost its clear definition as a steak house in the minds of frequent users. As a result, the restaurants were capturing only one in 10 of their dining occasions.

"This frequent-user base had supported us for years. We decided to regain our focus," says Castaldo.

As a result, the company has changed the menu radically, making it more traditional and more clearly emphasizing steak. The move is supported by a new advertising campaign entitled "The Legend in Steak."

REFOCUSING ON STEAK. Real sales have increased 10% since the retrenching began last October, says Castaldo. Some markets that had shown sales losses for the past two and three years are now showing increases.

"Everybody's comfortable with what we are doing now," Castaldo says. "We feel this is where we should have been all along."

Another steak-house chain that has regained its focus is Los Altos, CA-based Stuart Anderson's Restaurants, owned and operated by American Restaurant Group, based in Newport Beach, CA. American Restaurant Group also operates Spectrum Foods, the Velvet Turtle Restaurants, Spoons, and Grandy's.

Stuart Anderson's 90 steak restaurants also operate under the names of Black Angus and Cattle Company, with operations located throughout the western U.S. as well as in Minnesota and Indiana.

"We're putting a tremendous focus on basics, with a menu that our customers want," says vice president of marketing Julia Stewart. "We've concentrated on our marketing strategy, and it's all coming together."

Although Stuart Anderson's is privately held and sales figures are not published, Stewart says that 1987 was "a good year."

In 1986, the company went through a much-ballyhooed repositioning. Advertising touted a new "American" menu, using that popular catchword "light." "We learned a lot about execution and food focus during that period," says Stewart. "We've gone back to our classic formula."

The menu is mostly beef, with three chicken dishes and five fish dishes. Steak prices range from $6.95 for a petite-cut sirloin, London broil, or beef tenderloin kabob, to $18.95 for lobster and top sirloin or prime rib.

DIFFERENT STORY. Although many analysts have blamed the declining fortunes of steak-house chains such as Beefsteak Charlie's and Victoria Station on a decline in red meat consumption, a closer look shows that there's more to the story.

New York City-based Beefsteak Charlie's, for example, is showing a profit for the first time in many years under the new ownership of Bombay Palace Restaurants Inc., which oper-

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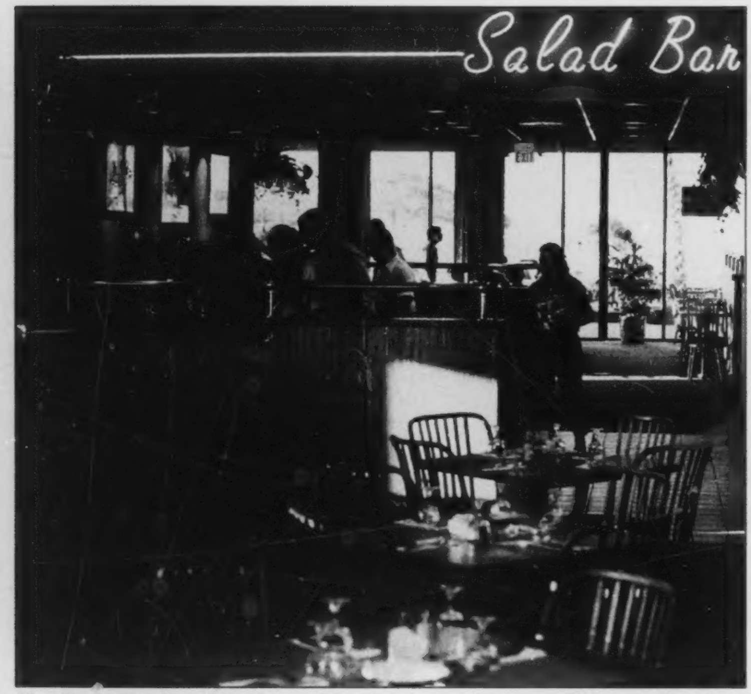

New York City-based Beefsteak Charlie's is showing a profit for the first time in years under the new ownership of Bombay Palace Restaurants Inc.

Customers are still ordering and eating beef; it's just that the chains have to work harder for a share of the market.

ates 13 Indian restaurants as well as several other concepts in the Northeast. The profitability is coming about without making major changes in the menu or the concept.

"We controlled costs at the store level and the corporate level while maintaining store volumes," says Kewal Chopra, executive vice president. "We are supervising more closely at the unit level so food and labor costs are not way out of line, and we reduced the staff at the central office."

Chopra says that Bombay Palace bought the company on September 13, 1987, and showed a profit in the last quarter of 1987.

Now that operations have been pulled under a tighter rein, money and effort are being focused on remodeling units with a light, airy look complemented by wood, brass, plants, and neon. Beefsteak Charlie's trademark all-you-can-eat shrimp and salad bar is being expanded to include hot dishes, fresh cold cuts, and fruit.

Between $50,000 and $100,000 is being spent to upgrade units, says Chopra. Restaurants are being renovated one at a time, with three to five completed this year, he adds. The food bar is being added as a part of renovation; at the Princeton, NJ, location, customer counts increased by about 50% and sales by about 30% when the bar was expanded.

VIABLE. Bombay Palace is convinced that Beefsteak Charlie's is a very viable company. "We were attracted to the company because it has a good name, a very well-known name, and because of the package it offered to the public," says Chopra.

Another chain plagued by unprofitability—to the point that bankruptcy was declared—is Victoria Station, once a Wall Street darling with units nationwide. The company has been pared down to only 11 units in the Northeast, which were purchased last December by Victoria Station Acquisition Corp., headed by Lowell Farkas, at one time chief operating officer of Horn & Hardart's foodservice division.

Farkas is adamant that he doesn't have to engineer a "turnaround" for Victoria Station, because the restaurants that he purchased are already healthy, showing average unit volumes of $1.6 million and total sales of $16 million.

"We're not changing the concept. We view the concept as very viable," he says. "In fact, we're going to pare down the menu and put more emphasis on red meat than before."

When the Victoria Station concept was born in 1969, only four items appeared on the menu: prime rib, filet mignon, top sirloin, and Shrimp Victoria, which was a variation on shrimp scampi. There was a salad bar plus baked potatoes and mushroom side dishes, but no appetizers. As the chain grew, the menu expanded, which caused problems.

To emphasize to customers that Victoria Station's menu has returned to basics, the pared-down chain ran a special during the month of April: Customers could order from the original 1969 menu, with 1969 prices, if a companion ordered a comparable item from the regular menu.

"Today customers are more sophisti-

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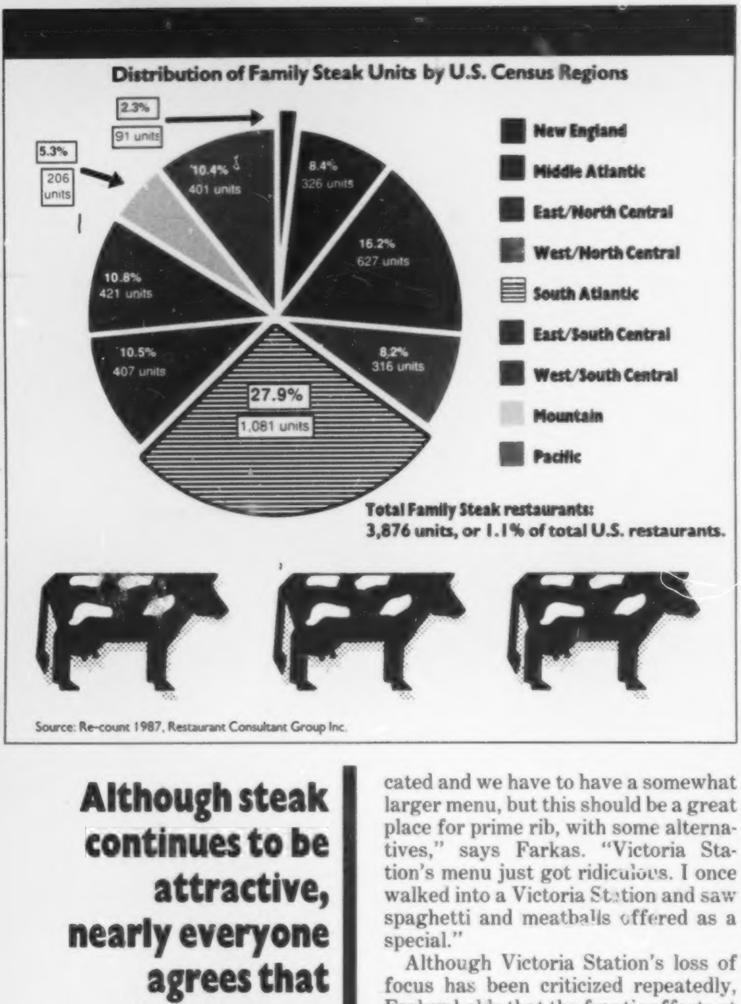

Distribution of Family Steak Units by U.S. Census Regions

Total Family Steak restaurants: 3,876 units, or 1.1% of total U.S. restaurants.

Source: Re-count 1987, Restaurant Consultant Group Inc.

CHART BY SHARI FANG

Although steak continues to be attractive, nearly everyone agrees that the 'budget' steak-house segment is soft.

cated and we have to have a somewhat larger menu, but this should be a great place for prime rib, with some alternatives," says Farkas. "Victoria Station's menu just got ridiculous. I once walked into a Victoria Station and saw spaghetti and meatballs offered as a special."

Although Victoria Station's loss of focus has been criticized repeatedly, Farkas holds that the frantic efforts at repositioning were not the cause of the chain's downfall, but a result. Victoria Station went bankrupt because the company expanded too rapidly in too many markets, he says.

What's ahead for the new Victoria Station? Farkas says that his group of investors is looking for opportunities for growth and acquisition.

Still solidly in the steak segment is Vandalia, OH-based Ponderosa Inc., which operates 402 company-owned and 288 franchised units nationally and internationally.

Ponderosa's sales for the fiscal year ended February of 1988 reached $700 million, with average unit volumes down 3.8% to $1.02 million.

"Currently, sales volumes have been off because we have been without new product development for almost two years," says David Pertl, senior vice president and chief financial officer for Ponderosa.

He notes that a substantial amount of corporate time and energy went into taking the company private in a $331-million buyout in January 1987. Now, Ponderosa has been acquired for an undisclosed amount by Metromedia Co., a privately held telecommunications and technology holding company. Metromedia says that it plans to keep Ponderosa management in place and anticipates no changes in the company's operation.

HOT SPOT. Now, a great deal of emphasis is being put on new product development, with a number of new food ideas being tested. Among them is the Grand Buffet, which adds chicken wings, deep-fried vegetables, hot cobblers, and "finger food" and dessert items to the company's extensive salad/food buffet. The buffet now includes 50 items, including an ethnic "hot spot" that changes frequently.

"All of our research tells us that it is very important to the customer to have a wide selection," says Pertl. "The expanded salad buffet meets that need."

The salad bar is included with all entrees; sales of the salad bar without an entree account for only 15% of Ponderosa's sales, compared to 20% to 25% of sales at Sizzler and 50% of sales at Ryan's. The fact that Ponderosa is focused on red meat is clear; red meat entrees account for 50% of sales.

Those numbers may change if the new Grand Buffet is rolled out systemwide. "Our anticipation is that sales for the buffet will rise from 15% to 20% or 30% of sales," says Pertl.

Ponderosa is also testing an All-Choice line of steaks in response to the public's desire for quality. Currently, two steaks are tenderized, says Pertl.

The company is offering franchisees a prototype modular building that allows economical expansion. The cost-efficient building also offers an improved kitchen and layout.

Some 80 franchised stores will open this year, but no company stores. This

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Ryan's Family Steak Houses was a pioneer in the merchandising of elaborate food bars with its giant U-shaped Mega Bar.

The introduction of giant food bars revitalized the midprice steak segment, but food costs for the bars run very high.

is a continuation of the company's strategy of expanding its franchisee base, says Pertl.

CASUAL DINING. Los Angeles-based Sizzler Restaurants International Inc., which is 62% owned by Collins Foods, is among those former budget steakhouse chains that now declare themselves to be a casual dining experience, in competition with other moderately priced family and theme restaurants. In fact, steaks today make up only 30% of Sizzler's menu, says executive vice president Michael W. Arthur. However, steak still constitutes the biggest proportion of sales, followed closely by sales from the giant food bar.

Sizzler's repositioning effort has been extremely successful; sales have been increasing in double-digit increments for the last eight years, reaching a high of $750 million for the fiscal year ended April 30, compared to $632 million in 1987. The story is as good as it looks; net income is up, too.

Customer counts have been increasing as well. Arthur says that customer counts had increased by 7% in the first three quarters of fiscal 1988.

Sizzler operates about 575 units, and plans to open 60 to 70 units a year until a goal of 1,000 is reached by 1991.

Dallas-based USACafes is continuing to expand Bonanza, one of the originators of the food-bar phenomenon. In fact, Bonanza's "Freshtastics" bar, with more than 60 items, now accounts for 35% of sales.

USACafes operates 559 franchised and two company-owned units, with a recent franchising agreement opening up Connecticut and parts of New York. Seventy to 80 new units will be opened throughout the system by year's end, with an increasing number planned for following years.

In 1987, average unit sales were up 7% to $918,000, thanks to a slightly increased average check as well as an increase in customer counts. The company is continuing to upgrade menu items.

HEARTLAND. Raleigh, NC-based Golden Corral Corp. operates 514 restaurants in 40 states; all but two are company-owned. The company plans to expand at a rate of about 25 company units this year, with emphasis on its traditional heartland in the Southeast and Texas. Golden Corral also recently initiated a franchising program.

The company is privately held, so current sales figures are not available. Management recently said that sales have been on a steady upward trend and could reach $1 billion by 1990.

Like many in the segment, Golden Corral started out selling a low-priced steak and baked potato along with a tossed salad. Now this company, too, has found that keeping the core menu but adding to it is a successful strategy, and its super salad bar has been an important sales builder.

The bar, which includes 90 hot and cold food items, now accounts for 40% to 45% of sales. Dessert bars and sundae bars are being added. Price of the bar with a meal is $1.89; without a meal, the price is $4.50. The chain's average check is $5.25.

Golden Corral has always focused its expansion on smaller towns, typically with a population of about 10,000, and that strategy will continue. "The concept was born in a small town where we had a value to offer as a family-priced restaurant," says Steve Fortlouis, director of marketing. "So you pursue your success. In small towns, however, you have to compete

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Gilbert/Robinson is betting on beef: The company converted its flagship, Plaza III in Kansas City, to a steak-house concept.

Although there seems to be room for growth, many doubt whether the segment could support another chain.

with whatever restaurants are there, not just other steak houses."

Fortlouis describes the company's market base as "middle class, with a collar that is somewhat blue, around 40 in age, and equally male and female.

"In our segment, the customer wants choice, convenience, and options," he says. "The decline in red meat consumption seems to have plateaued, and besides, people talk a good show but continue to eat what they want. Our menu still emphasizes red meat."

Low-profile Western Sizzlin' Steakhouses, based in Augusta, GA, has been growing steadily by means of franchising—without ever advertising nationally for franchisees, says E.J. Maddocks, a spokesperson for the company. Western Sizzlin' now operates 588 units, only four of them company-owned, with another 90 franchises sold. The company's stronghold is in the Southeast, but western markets are opening up, and in fact, western stores are bringing in higher volumes than the southeastern stores are, says Maddocks.

The first Western Sizzlin' opened in 1962, and the family-owned company started franchising in 1967. The founder was Nick Pascarella, who died in March at the age of 84. The company is now run by his son, Ed Pascarella.

CYCLICAL BUSINESS. Systemwide sales for the company are estimated at $466 million, according to Maddocks. Average unit volumes run about $800,000. Maddocks says sales have been very strong, and he expects that trend to continue. "We're over the red meat scare," he says. "This business is cyclical like anything else."

Western Sizzlin' is among those chains that have not tried to move away from their steak-house image, although the limited menu has been expanded to include chicken, fish, and the ubiquitous food bar, complete with fried chicken and desserts.

An extensive remodeling program has been undertaken, with dark interiors lightened and exposed beams covered. The salad bar has been relocated, and interiors have been freshened with new booths and carpeting. A new 8,500-sq.-ft., 300-seat prototype building is also being introduced.

Another family steak-house chain with headquarters in the Southeast is Spartanburg, SC-based Quincy's Family Steakhouses, owned by Spartan Food Systems. Spartan is a division of New York City-based TW Services Inc., which also owns La Mirada, CA-based Denny's.

Quincy's is customarily reticent about divulging information, but director of public relations Karen Randall says that sales trends are up for the company's 213 units. The emphasis continues to be on beef, with steaks cut fresh daily, but Quincy's also offers the Country Sideboard, an array of vegetables, salads, soups, meat dishes, and desserts, priced at about $4.50 as an entree.

Claremont, NC-based Western Steer-Mom 'N Pop's Inc. is set for a phase of more aggressive expansion following its takeover by former executive vice president Charles F. Conner, now president and treasurer, and former director Richard F. Howard, now chairman and CEO.

The company's systemwide sales are

continued on page 194

STEAK

COMPANY HEADQUARTERS	NUMBER OF UNITS	SYSTEMWIDE SALES	AVERAGE UNIT VOLUME
PONDEROSA VANDALIA, OH	690	$700 MILLION	$1 MILLION
WESTERN SIZZLIN' AUGUSTA, GA	588	$466 MILLION	$800,000
SIZZLER LOS ANGELES, CA	575	$750 MILLION	$1.5 MILLION
BONANZA/USA CAFES DALLAS, TX	561	$530 MILLION	$918,000
GOLDEN CORRAL RALEIGH, NC	514	$397 MILLION	$861,500
QUINCY'S SPARTANBURG, SC	213	N/A	N/A
WESTERN STEER CLAREMONT, NC	194	$194 MILLION	$1 MILLION
STEAK & ALE DALLAS, TX	165	$200 MILLION	$1.5 MILLION
MR. STEAK DENVER, CO	143	$109 MILLION	$750,000
RYAN'S GREENVILLE, SC	100	$185 MILLION	$2.4 MILLION
YORK RESTAURANTS ORLANDO, FL	100	N/A	N/A

1987 Figures

expected to reach $194 million this year.

Of the chain's 194 units, mostly in the Southeast, 143 are franchised. That number should continue to grow by 20 to 30 units a year.

STEAK FOCUS. Western Steer, too, continues to focus on steak and projects a clear steak-house image. Although the company has a large food bar, the chain sees an upswing in steak orders.

Denver-based Mr. Steak Inc. is another steak-house chain that still concentrates on steak, and is distinguished by its refusal to add a massive food bar. The company currently operates 21 company stores and 122 franchised stores, with 50% to 60% of sales deriving from red meat, 40% to 48% of which is steak sales.

The company filed for Chapter XI bankruptcy late in 1987. Problems are attributed not to the concept but to the burden of over 100 undesirable leases and substantial past-due franchise receivables. Nevertheless, sales continue to fall, and average unit volumes are now $750,000, according to Lance Lager, director of public relations. Systemwide sales in 1987 reached $109 million.

Mr. Steak has evolved over the years from a cafeteria-style operation serving steak, salad, and a baked potato for $1.19. Today, the company is testing the Mr. Steak Grill in Riverview, MI, with a completely new interior and exterior decor. The look is lighter and brighter; the exterior features an extended vertical roof profile and a high chimney that is spotlighted at night.

PIONEER. Ryan's Family Steakhouses, with headquarters in Greenville, SC, has been credited with being among those pioneering the giant food bars that have revitalized the family steak-house segment. The company, with 80 company-owned and 20 franchised units in the Southeast as well as in Ohio, Indiana, and Michigan, rolled out its Mega Bar in 1985 and has seen same-store sales rise by 40% since then. Average unit volumes now hover at around $2.4 million, probably the highest unit volume in the family steak-house segment.

In fact, the U-shaped food bar, which sells for $3.99 alone or $1.79 with an entree, now accounts for 50% of sales, while red meat accounts for only 35% of sales. Five years ago, red meat probably accounted for 55% to 60% of sales, says president McCall.

He points out, however, that Ryan's is selling just as much red meat as ever. The Mega Bar brought in a lot of new customers, so red meat simply decreased as a percentage of sales.

Ryan's is also testing all-you-can-eat breakfast bars in five units on weekends only.

Like Golden Corral, Ryan's has long concentrated on expansion in smaller cities. In the last three years, however, that strategy is changing, with larger metro areas being targeted. Some 26 new company-owned units should open

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Now positioned as a casual dining concept, 575-unit Sizzler is headed toward its goal of having 1,000 restaurants open by 1991.

Despite dire predictions, the segment is still viable, and although it is mature, there is still room for growth.

in 1988, along with about seven franchised units.

Ryan's expanded menu includes more fish, chicken, and salad dishes. Sales at the newly remodeled unit are up substantially.

REPOSITIONING. York Restaurants, owned by General Mills Restaurant Group, is going through a phase of rigorous testing of different menus and formats as part of an ongoing repositioning effort.

The 100 units, all company-owned, are all located in regional malls where their competition is other mall concepts rather than other family steak houses.

In 40 of its 100 units, York is experimenting with a variety of different changes, including the introduction of hot and cold food bars with vast quantities of food. Service is being enhanced in some units, with beverages being brought to the table.

"Like everybody else, we started out as a budget steak house," says Powell. "We've been testing for about five years, but this last attempt, which began in October, is major. We hope that with these changes we can expand; we're also looking at the possibility of freestanding units. We hope to revive to the point where we were when the budget-steak concept was popular."

Parent General Mills doesn't release sales figures. But Powell says that there is so much variation from unit to unit now that an average unit volume is meaningless.

A solid Midwestern steak-house chain is Hutchinson, KS-based Sirloin Stockade, with 1987 sales of $45 million and average unit volumes of $785,000, up slightly over last year.

Sirloin Stockade cuts meat fresh in its units, using USDA Select and Choice top-butt steaks, ribeyes, and tenderloins. The meat is aged naturally in the stores, and no tenderizers are used.

Like the other chains, Sirloin Stockade has a giant food bar offering hot foods ranging from vegetables to casseroles, as well as make-your-own tacos, fresh fruits, gelatin, and puddings. Also available are a salad bar, and prepared salads including a seafood salad and a Mexican salad. A dessert bar offers ice cream, toppings, cakes, and cobblers. Price of the food bar is $4.29 when purchased as a meal.

The bar is so popular that it now accounts for 35% of sales, compared to 38% for red meat. Ten years ago, points out president Gale Premer, red meat accounted for 90% of sales.

The company now operates 66 units in 12 states; all but five are company-owned. Four units are currently under construction.

Like so many of the family steakhouse chains, Sirloin Stockade favors locations in small towns, typically with populations of between 15,000 and 25,000.

"We'll continue to focus on smaller towns, because a family restaurant can appeal to a wider range of people and compete very, very well in a smaller community," says Premer.

Despite dire predictions and drastic changes on the part of some chains, the steak segment is still viable. Though mature, there is still room for growth.

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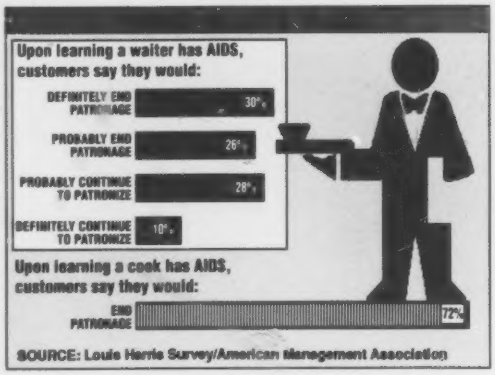
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

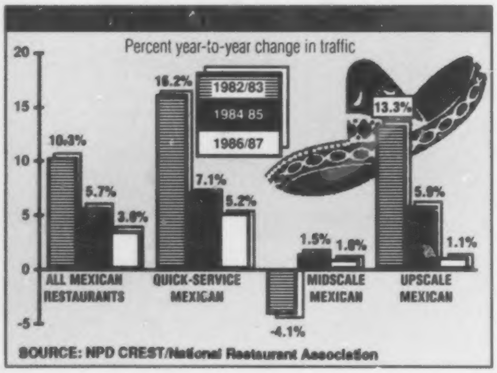
By Howard Riell



SOURCE: Louis Harris Survey/American Management Association

AIDS Scare Could Cripple A Restaurant

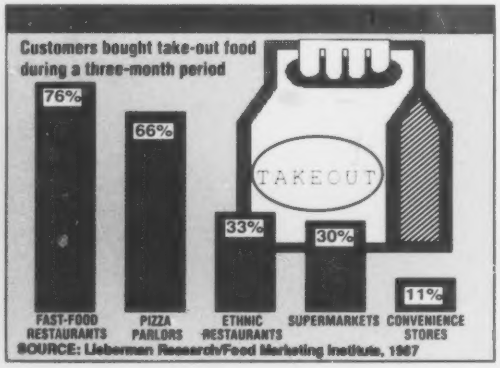
According to a Louis Harris survey commissioned by the American Management Association, restaurants "would suffer a considerable loss of customers" if the public knew that a waiter had AIDS. Only 13% of those surveyed, however, said such a waiter should be fired outright; 47% thought he should be placed on disability. Another 9% opined that operators should keep the waiter on payroll while advising patrons of the situation. And yet another 16% of those surveyed suggested the owner keep the waiter and tell no one about the infection.



SOURCE: NPD CREST/National Restaurant Association

Traffic At Mexican Restaurants Slowing

"The hot Mexican market cooled in 1987," according to the National Restaurant Association, which bases its conclusion on statistical findings from NPD CREST. Both sales and traffic counts rose 4% in 1987, as opposed to gains in both categories of between 6% and 12% in preceding years. This may come as a surprise to an industry that is seeing a proliferation of Mexican concepts, both full service and fast food, nationwide. Concepts like Chi-Chi's, Two Pesos, Fajitas Street, and Hat Dance are extremely hot now.



SOURCE: Lieberman Research/Food Marketing Institute, 1987

Market-Share Shootout Over Takeout

A nationwide survey conducted by Lieberman Research concludes that take-out sales will continue to grow faster than overall food sales—18% for takeout, compared with just 6% overall. Restaurants now get about two-thirds of that take-out dollar; supermarkets get 23%; other stores (such as delis, gourmet shops, small grocery stores, and convenience stores) grab 13%. While restaurant take-out food is seen as tastier, more appealing to children, and more of a "treat," supermarket takeout is viewed as fresher and of higher value and quality, and often much more convenient.

CHARTS DESIGNED BY SHARI FANG

RESTAURANT BUSINESS

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INDEPENDENT VIEWPOINT

THE BOTTOM LINE

Industry Benchmarks

BY BILL MAIN

PRIME COST ANALYSIS

(Cost per dollar of sales)

	FOOD (1)	BEVERAGES (1)	TOTAL COST OF SALES	TOTAL PAYROLL	PRIME COST
ALL RESTAURANTS	37.0¢	26.7¢	34.4¢	33.0¢	68.0¢
TYPE OF ESTABLISHMENT					
FOOD ONLY	34.9¢	N/A	33.6¢	32.4¢	66.8¢
FOOD AND BEVERAGE	37.4¢	26.7¢	34.5¢	33.2¢	68.3¢
YEARS IN BUSINESS					
UNDER 5 YEARS	37.4¢	27.8¢	34.5¢	31.6¢	66.9¢
5 TO 10 YEARS	35.5¢	26.9¢	33.2¢	32.2¢	64.7¢
OVER 10 YEARS	37.2¢	26.4¢	34.6¢	34.3¢	70.6¢
LOCATION					
URBAN	35.7¢	26.2¢	33.4¢	33.3¢	68.2¢
SUBURBAN	37.4¢	26.2¢	34.2¢	32.6¢	66.7¢
RURAL	38.3¢	29.4¢	36.6¢	33.9¢	71.0¢
MENU THEME					
STEAK/SEAFOOD	40.0¢	26.8¢	36.1¢	30.1¢	67.8¢
AMERICAN	37.5¢	27.8¢	35.3¢	34.2¢	69.7¢
CONTINENTAL (2)	35.6¢	26.3¢	33.4¢	36.3¢	70.7¢
ITALIAN	33.3¢	32.9¢	33.4¢	34.2¢	67.3¢
SANDWICHES/ (3) HAMBURGERS	28.2¢	20.8¢	25.8¢	29.1¢	57.6¢
REGIONAL	35.4¢	28.9¢	31.6¢	34.2¢	66.8¢
ETHNIC (4)	31.6¢	25.6¢	30.2¢	31.1¢	62.6¢

NOTE: All amounts are medians and do not necessarily add to totals shown.
(1) Based on individual departments.
(2) Continental includes French.
(3) Sandwiches/hamburgers includes specialty sandwiches, salad bar, hamburgers, pizza, subs, and deli.
(4) Ethnic includes German, Mexican, Oriental, Irish, and International.

SOURCE: National Restaurant Association "Restaurant Industry Operations Report '87"

Sales, prime costs, restaurant profit, average check, employee productivity, average daily seat turnover....What are the industry benchmarks for restaurants?

Standard guidelines will help you compare your restaurant's financial performance to one type of cross section of full-menu tableservice restaurants, and in the process, improve and enhance your restaurant's "management effectiveness."

I have been an independent restaurant operator for the last 15 years. Over those years, I have faced virtually thousands of financial, operational, and management questions relating to the fiscal health and economic well-being of my restaurant. In the early years, my decision-making process was based on a combination of "gut instinct" and the "backlash effect" of poor judgment. I learned quickly that restaurant managers, like human beings generally, seem to learn the hard way, from trial and error. This experience provided me with a meaningful (albeit painful and expensive) learning curve that ultimately evolved into what I might charitably call good judgment—even wisdom. A more apt description might be "street smarts."

THE ULTIMATE TRUTH. In his book *Confessions of a Street Smart Manager* (Simon & Schuster), David Mahoney defines a manager with street smarts as "....someone able to take strong action based on good judgment drawn from hard, hard experience."

This principle is best illustrated by an ancedote from the old Amos n' Andy radio show. It seems Amos and the Kingfish were discussing why the Kingfish had such remarkable judgment. Well, said the Kingfish philosophically, "good judgment comes from experience." So where does experience come from? questioned Amos. "Experience comes from bad judgment," the Kingfish replied.

I consider this to be the ultimate truth of restaurant management. Bad judgment produces experience, which usually then produces good judgment. This management reality is particularly appropriate to the day-to-day operational trenches of the restaurant business, where lessons learned from bad judgment invariably form the basic foundation of our operating and management philosophy.

However, there is another important ingredient to developing an effective, responsive, and professional manage-

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Bill Main, co-owner of The Shore Bird, Half Moon Bay, CA, is a consultant specializing in profitability, concept development, and financial analysis for independent restaurants.

ment philosophy in your restaurant. I call it perspective. It comes from developing an appreciation and awareness of industry standards within an established framework of financial and operational performance categories. You cannot make good decisions in a vacuum. You must have data, compiled in a manner that is easily reviewed in an "apples versus apples" sense. Published industry standards serve this purpose by telling us what our competition is doing, and providing an invaluable basis of comparison to our own restaurants' operational performance levels.

Incomplete perspective produced by ignorance of industry standards is a common failing among typical restaurant operators. Why? Because most surviving independent restaurateurs have to wear a hundred different management hats simultaneously. They have a much different job profile than the classic manager in the nonhospitality field.

For restaurateurs, time is at a premium. They operate in a constant "interrupt mode," characterized by 58.1 unscheduled meetings per day (according to an article in the May 1984 issue of *Cornell Quarterly* by Dennis H. Ferguson and Florence Berger). They tend to juggle rather than coordinate, striving to maintain the status quo, and get through the day. Simply put, the day-to-day rigors of restaurant operations and the stresses of cash-flow management produce a reactive management style.

Therefore, becoming educated about industry standards has to be a conscious, proactive decision made by the independent operator, as well as the aspiring restaurateur. It provides the needed balance of perspective to offset the extreme pain born of experience.

A VARIETY OF SOURCES. There are many sources of statistical data for the restaurant industry. I personally favor the National Restaurant Association's "Restaurant Industry Operations Report '87," prepared in cooperation with Laventhol & Horwath, a national accounting and consulting firm that specializes in the hospitality industry. The report is a compilation of financial and operating data provided by 920 individual restaurants that are

continued on page 106

STATEMENT OF INCOME AND EXPENSES RATIO TOTAL SALES

Full-Menu Table service

SALES	RATIO TO SALES (MEDIAN)
FOOD	78.7%
BEVERAGE	24.3%
TOTAL SALES	100.0%
COST OF SALES	
FOOD	37.0%
BEVERAGE	26.7%
TOTAL COST OF SALES	34.9%
GROSS PROFIT	65.1%
OTHER INCOME	0.8%
TOTAL INCOME	66.3%
CONTROLLABLE EXPENSES	
PAYROLL	29.2%
EMPLOYEE BENEFITS	4.0%
DIRECT OPERATING EXPENSES	6.1%
MUSIC AND ENTERTAINMENT	0.9%
ADVERTISING AND PROMOTION	1.9%
UTILITIES	3.4%
ADMINISTRATIVE AND GENERAL	4.0%
REPAIRS AND MAINTENANCE	1.7%
TOTAL CONTROLLABLE EXPENSES	51.2%
INCOME BEFORE OCCUPATION COSTS	14.1%
OCCUPATION COSTS	
RENT	5.0%
PROPERTY TAXES	0.6%
OTHER TAXES	0.7%
PROPERTY INSURANCE	1.6%
TOTAL OCCUPATION COSTS	6.6%
INCOME BEFORE INTEREST AND DEPRECIATION	6.9%
INTEREST	1.2%
DEPRECIATION	3.0%
RESTAURANT PROFIT	3.2%

HIGHLIGHTS

The median check was $10.56, and the average daily seat turnover was 1.1.
Establishments experiencing a net profit reported median total sales of $5,197 per seat, while those restaurants that experienced a net loss reported total sales of $3,616 per seat.
Total sales per full-time equivalent employee was $28,000, with a productivity index of 3.1.
Food sales were $3,492 per seat, while beverage sales accounted for $921 per seat.
Median total sales were $157 per square foot or $4,333 as an amount per seat.
The median total cost of sales was $1,518 per seat, or 34.4% as ratio to total sales.

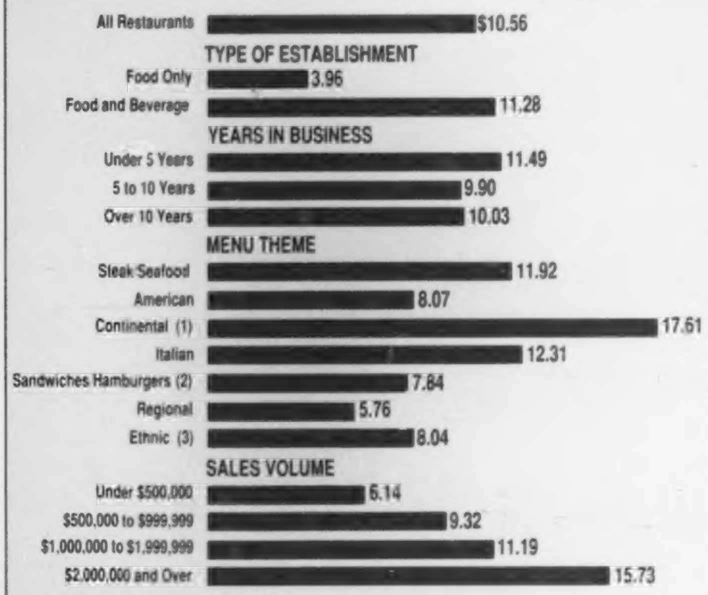
CHARACTERISTICS

More than 65% of full-menu table-service restaurants are owned by a private corporation.
Sales of $1 million and higher was reported by 45% of participating establishments.
Primarily the sole occupant of the building with an average of 8,031 square feet of space.
Operated as a single-unit, nonaffiliated full-menu table service restaurant at a net profit.

SOURCE: National Restaurant Association "Restaurant Industry Operations Report '87"

AVERAGE CHECK

Full-Menu Table service



(1) Continental includes French.
(2) Sandwiches/Hamburgers includes specialty sandwiches, salad bar, hamburgers, pizza, subs, and deli.
(3) Ethnic includes German, Mexican, Oriental, Irish, and International.

SOURCE: National Restaurant Association "Restaurant Industry Operations Report '87"

members of the National Restaurant Association.

The data is not intended to be representative. By definition, it does not reflect the financial performance of most failed restaurants or privately and publicly owned restaurants that are not NRA members.

Please don't be misled: the report reflects only one form of industry standard by which to compare one's own restaurant's performance. However, it does present a fairly significant sampling of full-service restaurants that are sustaining, if not succeeding, nearly 75% of which have stayed in business continuously for over five years. The presentation of the data follows the Uniform System of Accounts for Restaurants, the accepted accounting format for the industry.

The Uniform System provides a common language by providing a classification criteria for all income, expense, asset, liability, and equity items contained in a typical financial statement. By providing a standardized basis and guideline for reporting and comparison, the interpretation of any restaurant's financial performance (versus industry standards) becomes relatively simple.

The Uniform System is a must for all serious practitioners in the restaurant industry. It can be purchased from the NRA; to order, call (800) 424-5156.

THE COMPARISON CRITERIA. The data accompanying this article presents a limited amount of excerpts of exhibits and tables I find useful in analyzing my restaurant's performance

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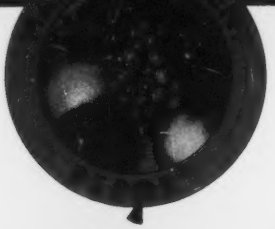
variance when compared to industry averages. The Restaurant Industry Operations Report '87 is much more extensive than can be presented herein. For example, the report expresses operating results in amounts per seat as well as ratios to total sales, which is my frame of reference in this article. It should also be noted that I have only presented median data. A median is defined in the report as "...the middle value of all amounts calculated for a specific line item." This means that 50% of the responses are higher than the number shown, and 50% are lower. On balance, this is the most realistic method of presenting the data, as it eliminates the distortion caused when larger volume operators are averaged against lower volume restaurants.

Awareness of benchmarks provides that critical edge.

Also, the columns do not total when using the median approach; every line item must be analyzed separately. Finally, in the full report, a lower and upper quartile are shown in addition to the median, allowing the reader to evaluate the top 25% as well as the bottom 25% of the reported performance groups.

Appreciating the importance of understanding industry standards and applying them to the internal planning process cannot be underestimated. In addition to experience, industry perspective is a critical component to managing the financial and operational dimension of a restaurant. The economics of profit depend largely on the interrelationship of all of your cost categories, and industry standards provide an invaluable starting point in that analysis. Awareness of industry trends and the financial performance profile of your competition provides a critical edge in staying profitable, as well as staying in business. ■



LITE & HEALTHY

Experts still talk of opportunities in the segment, but their visions are scaled down and the watchword appears to be caution.

BY PAUL FRUMKIN

After much initial confusion, the foodservice industry is finally beginning to understand that while many customers certainly want healthier alternatives, they don't want to be restricted in what they can and cannot order when they dine out.

"We're becoming more selective concerning health and nutrition within the context of a meal," declares Ron Paul, president of Technomic Consultants in Chicago. "But we don't want a restaurant to limit us by predetermining what choices we can make."

SOBER ASSESSMENT. This is clearly a more sober assessment than had been presented only a few years ago when it looked as if a new and lucrative healthy menu segment was about to alter the foodservice landscape.

Today, experts still talk of opportunities in that segment, but their visions are scaled down and the watchword appears to be caution. Consumers do want a choice, they say, and operators who don't offer two or three healthier selections are probably losing out on sales. There is even room for careful niche marketing, particularly for a

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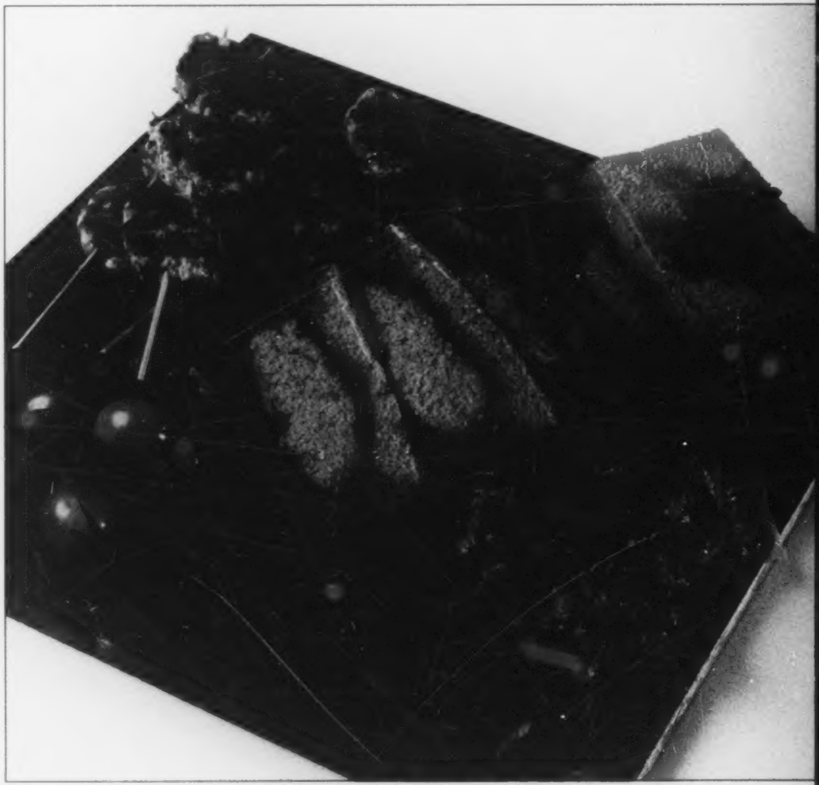
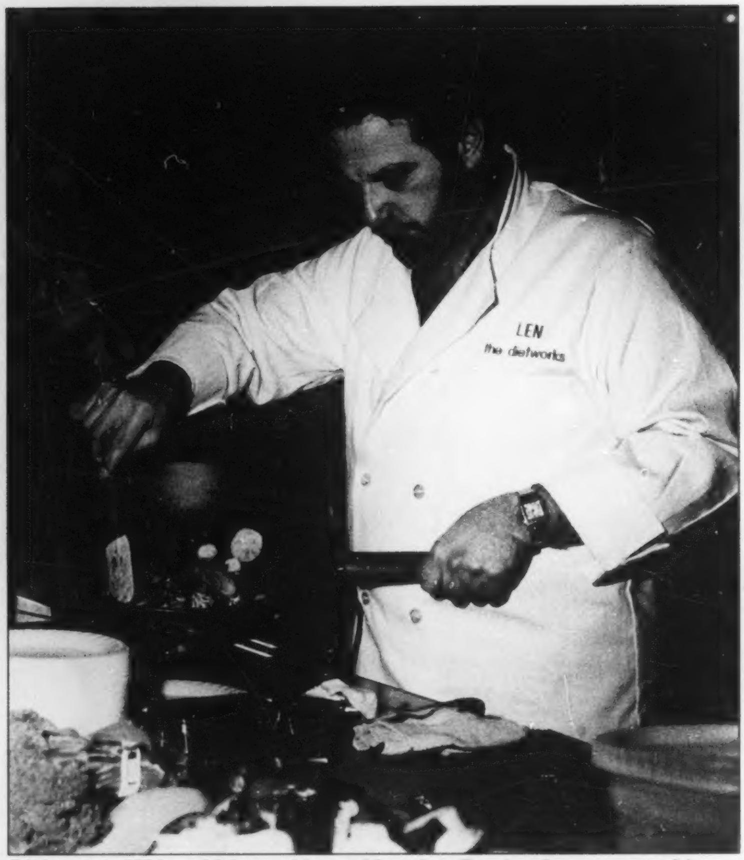
Paul Frumkin is a writer with over nine years of experience covering the foodservice industry.



PHOTOGRAPH BY BRIAN HAGIWARA

Gourmet Gazelle in New York City offers a variety of upscale, nutritionally controlled dishes for takeout and office catering.



Livingston, NJ-based Dietwork's president Len Torrine demonstrates his concept's new menu of "California Spa Cuisine."

handful of well-operated, regionally based healthy food chains.

But anyone who still feels that the American public is just waiting for a health-oriented McDonald's to open its doors, is, at least for the moment, ignoring the conventional wisdom.

RISE AND FALL. Those looking for proof need only study the dramatic rise and fall of D'Lites, the "lite" hamburger chain based in Atlanta, and Fresher Cooker, the Louisville, KY-based chain that emphasized fresh, nonfried foods served in a fast-service format.

In the early 1980s both chains successfully represented themselves as dynamic growth vehicles to analysts and investors alike, and attempted to fulfill that promise with plans for rapid and widespread expansion. But when sales proved disappointing and operational problems became apparent only a few years later, both D'Lites and Fresher Cooker were quickly forced into Chapter XI reorganization.

"Are there enough people who will go to leaner hamburger places?" asks Steve Rockwell, vice president of Alex. Brown & Sons in Bethesda, MD. "The answer is no. Logic would tell you that we are more health-conscious these days. But the evidence just doesn't bear it out."

Others, however, are not quite as convinced that the market isn't out there—at least in some form—and blame at least a portion of the failure of the two chains on poor marketing and merchandising. Technomic's Ron Paul says that one of D'Lites critical errors was "placing healthier food before good-tasting food."

Roger Lipton, managing director of Ladenburg, Thalmann & Co. Inc. in New York City, attributes D'Lites' demise to a number of factors. Key among them was the lack of any real proprietary food items. Moreover, the prototypical D'Lites unit proved to be too expensive—it cost about $900,000 to build—in light of real sales.

Lipton feels that Fresher Cooker had a more appealing format, but it had set itself an unrealistic goal in delivering the product to the customer as rapidly as had been planned. "The menu was simply too complex to perform evenly," he says.

CHANGING ATTITUDE. However, despite these widely publicized failures, most experts do acknowledge the public's changing attitude toward nutrition. Gwen Dorazio, nutritionist and coordinator of health promotions at the Henry Ford Hospital in Detroit, is confident that a growing number of customers will be demanding healthier foods in the future. "Cholesterol awareness is going to be the awareness of the '80s and '90s," she says.

Operators in all segments of the industry are recognizing this fact, and adapting their menus accordingly. In the fast-food hamburger segment, McDonald's scored a coup last year by rolling out prepackaged salads chainwide—a move that is reported to have increased sales by 5% to 6%.

FAST FOOD MOVES. If imitation is the sincerest form of flattery, then the Oak Brook, IL-based hamburger giant should indeed feel flattered. Within months of its salad rollout, other fast feeders such as Burger King, Arby's, Carl's Jr., and Hardee's developed their own prepackaged versions.

Other chains such as Wendy's and Rax are putting their money on giant salad bars. Wendy's SuperBar, for example, enlarges upon the chain's Garden Spot salad bar by adding a Mexican Fiesta section and an Italian-style pasta section. Experts point out, however, that it is still too early to ascertain how successful this move will be for the chain.

In the midprice segment, though, moderately priced regional chains appear to be picking up where other companies with national expansion ambi-

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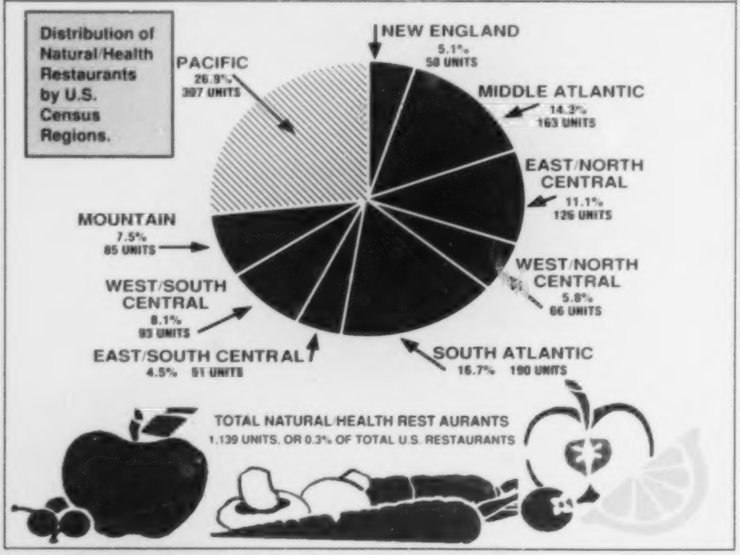
HEALTHY CUISINE SPROUTS IN WEST



SOURCE: RE-COUNT 87 Restaurant Consulting Group

CHART BY SHARI FANG

Consumers do want to have a choice; operators who don't offer a few healthier selections are probably losing out on sales.

tions have failed—most notably on the West Coast and in the Northeast. Some experts sounded the death knell for the Good Earth chain, a healthy foods segment pioneer, when founder General Mills sold it off to its largest franchisee, Ebs Wilson, in 1985.

However, Wilson now says that those pronouncements were quite premature. Now based in Calabasas, CA, the Good Earth has grown from nine to 29 units—eight company-owned, seven franchised, and another 14 licensed. And while those units are located predominantly in California, the company is also operating in Portland, OR, Tucson, AZ, and Minneapolis.

Wilson has made no basic changes in the concept since he purchased it from General Mills three years ago. Much of the menu is prepared daily from scratch. Each restaurant has its own bakery in which various fresh breads, rolls, and cookies are baked. Breakfast is also served all day.

In addition, Good Earth restaurants feature pasta dishes, hot and cold sandwiches, four fresh fish dishes served daily, hot chicken and vegetarian selections, and wok stir fries.

Three types of lean-meat hamburgers are also offered, prepared from beef that contains at least an 85% to 15% meat-to-fat ratio. All beef is purchased directly from a ranch in Colorado that uses no chemicals or steroids.

With the average per-person check running around $6.30, the 29 Good Earth restaurants gross between $1.8 million and $2 million each. One restaurant in Marina del Rey, CA, enjoys sales of over $3 million, says Wilson. Each store seats about 240.

CHANGING CUSTOMER. Although the original Good Earth restaurants were largely frequented by college students, today the chain's customer base has broadened considerably, according to Wilson. "Lately, we've been seeing a lot more senior citizens coming into the restaurants," he says.

Because the Good Earth's menu specializes in lighter, healthier food, employees are required to understand what products are used to prepare many of the dishes. As a result, a dietitian is sent to each unit whenever a new product is rolled out. A kitchen manager is always on hand if a server is unable to answer a guest's question.

Many of the healthy food chains tend to attract the majority of their customers during the lunch daypart. As a result, healthy food chains often must struggle to broaden their market appeal, notably during dinner. Len Torrine, president and chairman of the Livingston, NJ-based Dietworks, is looking to boost dinner covers and check averages by adding a new line of dishes called "California Spa Cuisine" to his 10 units.

BROADENING APPEAL. Previously, lunch had accounted for about 70% of Dietworks' total business. Torrine expects that the new, more contemporary menu will increase dinner to 50% of sales. At the same time, the more expensive dishes should add anywhere from $2 to $4 to the chain's current average dinner tab of $7.

Dietworks' existing menu offers a wide variety of salads, hot sandwiches, and pita pizzas, as well as some more elaborate dishes such as chicken primavera, and sesame chicken and vegetables with teriyaki sauce on brown rice. All items list calorie counts.

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In California, upscale Chez Melange not only offers healthy alternatives, but also has become a licensee of the Pritikin Center.

There is room for careful niche marketing, particularly for a handful of well-operated, regional healthy food chains.

One difficulty Torrine had to overcome in implementing the new menu was the problem of portion sizes. "People wouldn't pay $9.95 for a 300-calorie chicken dish with only five ounces of chicken," he observes. Consequently, he had to first develop dishes that would allow him to increase the portion sizes in proportion to the price.

Dietworks' new dinner menu features such dishes as poached salmon; mesquite-style chicken; whole-wheat elbow macaroni with chunky tomatoes, spices, and Monterey Jack cheese; 8-in. pizzas; and a large salad that includes artichoke hearts, hearts of palm, sundried tomatoes, mozzarella, blue corn chips, and other fresh vegetables served on a bed of greens.

The "California Spa Cuisine" menu also offers four pastas served with a choice of five sauces. Torrine reports that these items already account for about 30% of all dinner sales.

SKEWED PERCEPTIONS. Since the first Dietworks opened in Millburn, NJ, in 1975, Torrine's customer base has changed. In 1975, about 85% to 90% of the chain's customers were women. Today, men account for about 40% of all sales. The average Dietworks' unit contains about 60 seats and grosses an average of $400,000 a year. All stores are located in New Jersey, but Torrine is planning to expand into New York and Connecticut.

Saladalley is another regional healthy food chain located on the East Coast. Based in Philadelphia, the seven-unit chain derives a major portion of its sales from a 50-item salad bar.

Saladalley's chairman Steve Byer explains that while fresh vegetables and fruit make up the bulk of the ingredients, the salad bar also includes such freshly made dishes as seafood fettuccine, tuna and pasta shells, orzo and chicken, three-bean salad, and bulgur (cracked wheat) salad.

In addition to salads, Saladalley features such hot main dishes as grilled marinated chicken; a four-cheese lasagna; German lentil sausage soup; and grilled eggplant stuffed with provolone cheese and spinach, served with a tomato sauce. A low-fat burger is also on the menu, as well as freshly baked breads and rolls.

The average Saladalley contains about 110 seats in 2,500. sq. ft. of space. According to Byer, each serves an average of between 2,500 and 3,500 customers weekly, and grosses more than $500,000 in annual sales. Check averages run $5.25 at lunch and $5.50 at dinner.

Regional all-you-can-eat soup and salad chains have also been successfully attracting crowds of health-minded customers. San Diego's Souplantation now has nine units located between Los Angeles and San Diego, and expects to open four or five more company-owned units this year.

"Our average customer is probably a health-oriented individual who cares about what he or she eats," notes Bob Garrett, director of marketing.

Souplantation is owned by Tony Brooke and Michael Mack, two former management consultants who purchased the original two units for $2 million in 1983.

Located primarily in malls and shopping centers, the average Souplantation contains about 200 seats in 7,000 to 8,000 sq. ft. of space, and serves about 1,400 people daily. Annual store sales average $2 million to $2.5 million.

Each restaurant contains two parallel soup and salad bars that extend for about 60 ft. on either side of a center

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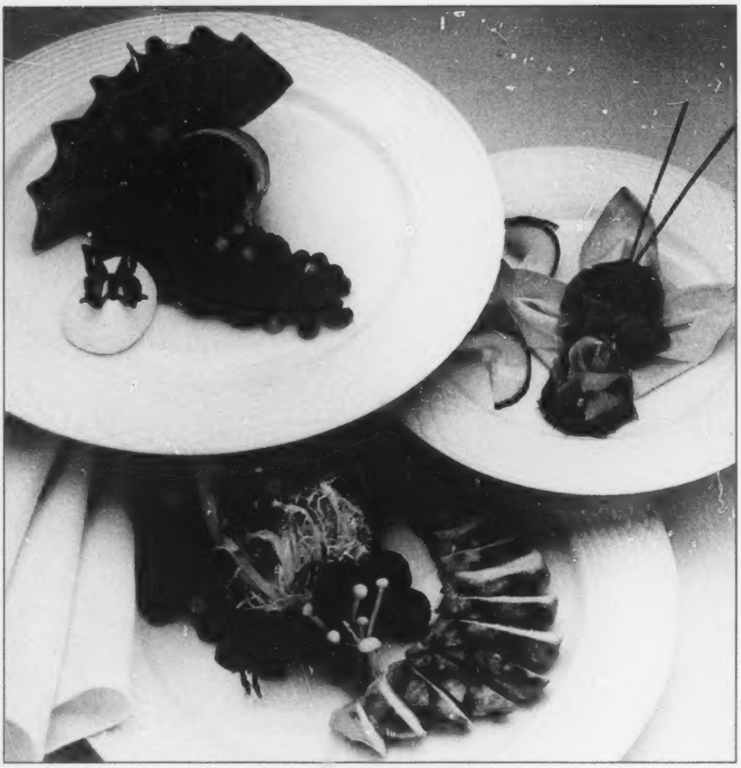

At the Hyatt Regency Grand Cypress, executive chef Rene Mettler created "Cuisine Naturelle," an upscale, healthy menu program.

island. Each bar offers between 60 and 70 items. The salad bars are stocked with fresh vegetables, as well as prepared salads. The restaurants also prepare six made-from-scratch soups daily—three of which are available on the soup and salad bar at any given time.

Generally, lunch customers have the choice of purchasing either soup or salad for $4.95, or soup and salad for $5.65. At dinner, both prices are raised one dollar. Both choices include unlimited trips to the bakery and fresh fruit stand. Beverages cost extra.

UPSCALE ALTERNATIVES. The upscale segment of the industry has not been slow in realizing that customers are looking for healthier alternatives either. New York City's Four Seasons was one of the first luxury restaurants to feature low-calorie dining with its "Spa Cuisine" selections. Today, those dishes are said to account for about 20% of total sales.

The newest healthy addition to the upscale ranks in New York is the 80-seat Evergreen Room in the recently renovated Rainbow Room complex in Rockefeller Center. Evergreen offers members dishes that are low in calories, cholesterol, and sodium.

Rosanne Gold, a member of the complex's operators, Joseph Baum & Michael Whiteman Co., helped develop Evergreen's weekly changing menu. "The challenge was to not do everybody's idea of diet food, and keep the dishes flavorful," Gold says. To that end, Gold and her staff have tested numerous recipes using special ingredients such as low-salt tomato paste and stocks. One main dish from the first week's menu is seared venison with sauce *poivrade* on a bed of baby vegetables, which contains 367.3 calories, 129.9 mg. cholesterol, and 192.9 mg. sodium.

Other dishes include seafood broth with lime and cilantro; carpaccio of tuna with tomato-lemon relish; tabouli with mint, scallion, and radish; medallion of salmon poached with lemon grass in a ginger broth; and shrimp and asparagus salad with walnuts and "400 Island" dressing.

As an added attraction, the Evergreen Room provides a laser-operated computer that allows members to punch in their diet; the computer then presents them with a personalized daily menu. Average per-person checks range from $25 to $30.

Chez Melange in Redondo Beach, CA, is another upscale restaurant offering its guests a healthy dining alternative. But to further emphasize its commitment to nutrition, the restaurant has become a licensee of the Pritikin Center in nearby Torrance. A $500 licensing fee allows Chez Melange to work with experts in refining recipes and to use the diet center's logo on menus.

According to Chez Melange's coowner Michael Franks, all dishes are first developed by the restaurant's staff in conjunction with a nutritionist. At that point they are then approved by the Pritikin Center—which guarantees that the recipes will be protected and not shared with other licensees of the program.

PRITIKIN. Chez Melange features at least one Pritikin item on each of the daily-changing lunch and dinner menus. The special dishes account for about 5% of total lunch sales and up to 10% of dinner sales, depending upon the item itself.

A few of the Pritikin-influenced main dishes are wild rice pasta with salmon, julienne of vegetables, leeks, garlic, tomatoes, and nonfat yogurt; grilled swordfish served on a corn tortilla with salsa *al carbone,* sliced tomato, salsa cruda, and papaya *Parisienne;* and Greek marinated flank steak, grilled and served over a baked papadom with curried lentils, mixed baby lettuces, radicchio, and a curried orange-yogurt dressing. Main dish prices range from $8.95 to $10.50.

But while Franks is pleased with the sales generated by the Pritikin dishes, he also keeps their success in perspective. "There's no question that this is a tremendous promotional tool, but it's only one small part of a whole marketing plan," he says.

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Gourmet Gazelle's repertoire includes chicken watercress terrine, Thai noodles with grilled shrimp, and salmon with chervil and champagne sauce.

PHOTOGRAPH BY STAN RUMBO

The upscale segment has not been slow in realizing that customers are looking for healthy alternatives.

Chez Melange is only one of a growing number of restaurants working with nutritionists and health clinics. In the Detroit area, both Macchus Enterprises and Elias Bros.' Big Boy chain have been working with the city's Henry Ford Hospital Heart and Vascular Institute. Under the auspices of a program called HeartSmart, the Institute helps restaurants develop dishes that are low in fat, sodium, and cholesterol. It also develops and provides printed material to be distributed at point-of-purchase.

Gwen Dorazio, coordinator of Health Promotion for the Institute, says that all of the operators who are participating in the program have been pleased with it.

John Wood, executive vice president of Macchus Enterprises, says that the HeartSmart program has "worked out quite well." Four main menu items, priced from $7.50 to $9.95, account for about 25% of sales at the six restaurants in which they are now offered.

About 250 Big Boy restaurants operated by Elias Bros. and located in the Michigan, Ontario, and Cleveland areas are also featuring a number of HeartSmart dishes. The recipes developed for Big Boy had to be easily adaptable to each unit's operations, according to Dorazio, so the Institute worked with chefs in the company's central kitchen. Today, HeartSmart dishes comprise about 20% of all menu items, and are said to account for at least 5% of sales.

TREATING YOURSELF RIGHT. A number of contract feeders have also heeded the call to add healthy alternatives to their clients' menus. John Gribben, director of public affairs for the Philadelphia-based ARA Services, says that the company's two-year-old "Treat Yourself Right" program is currently in over 600 accounts.

ARA developed over 200 menu items approved by the American Heart Association for the program. Treat Yourself Right main dishes tend to be baked or broiled, rather than fried, and high fat and cholesterol ingredients are avoided in all recipes. Herbs are often used in place of salt.

To further support the program, the company devised a wide range of point-of-sale information and printed material as well.

At the same time, ARA is testing a nutritious frozen food program called "Light and Right" in a small number of health-care accounts. Developed in conjunction with Baxter Hospital Supply Company, the program offers 15 frozen entrees that are low in sodium, cholesterol, and calories.

The Light and Right dishes are sold in glass-door freezers marked with ARA's Treat Yourself Right logo. And while the line is only in 10 accounts now, ARA hopes to expand it into 100 by the end of 1988.

Restaura, a division of Greyhound Food Management based in Phoenix, has also implemented its own program called "Countdown to Wellness." Primarily educational in nature, the program offers nutritional information on dishes served. Items are posted daily on a menu board with each one followed by an analysis of seven key nutritional components.

According to Claude Kern, vice president of quality assurance, customers

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At Hyatt Regency Grand Cypress's Hemingways, the "Cuisine Naturelle" menu generates 30% of sales.

While customers want healthy alternatives, they don't want to be restricted as to what they can order when they dine out.

are responding well, and Restaura has plans to expand the program.

TRAVELING LIGHT. Hotels catering to the frequent traveler were among the first to recognize the need to offer customers healthy dining alternatives. The Los Angeles-based Hilton Hotel chain was clearly in the vanguard back in 1981 when it introduced its popular "Fitness First" menus.

Last year, however, the company augmented the annually updated Fitness First program with its new "Training Table" menu. The first seven-item menu was rolled out late in 1987 to coincide with Hilton's sponsorship of the 1988 U.S. Olympic Team, and has since been followed up by additional menus celebrating the winter and summer games. Olympic menu items include grilled breast of chicken with basil and pine nuts; broiled or poached salmon filet in saffron sauce; and angel hair pasta with prosciutto and shiitake mushrooms.

The Chicago-based Hyatt Hotel chain has had its "Perfect Balance" program in all of its properties since 1984. The menus feature several dishes that are low in calories and cholesterol, but high in protein.

However, select hotels, such as the Hyatt Regency Grand Cypress in Orlando, have implemented their own, more elaborate healthy dining initiatives. Last summer the 750-room Hyatt Regency Grand Cypress introduced "Cuisine Naturelle," which was developed by the resort hotel's executive chef, Rene Mettler, in conjunction with a nutritionist. The menus are available in two of the Hyatt Regency's restaurants—Cascade and Hemingways—as well as through room service. And, according to Mettler, "Cuisine Naturelle" has struck a positive chord with guests, generating 30% of sales in those three venues.

Mettler explains that he did not have to adapt his cooking style significantly to prepare "Cuisine Naturelle" dishes. Most of the dishes are either grilled, steamed, or sautéed. He is judicious with portion sizes and salt, and uses olive oil in place of butter. Fatty cheeses have been eliminated in cooking, replaced with Newfoundland farmers' cheese. And, rather than include mayonnaise in cold sauces, Mettler uses a combination of cream cheese and 1% milk.

TAKEOUT. Consequently, with so much interest in diet-conscious foods being generated at every level of the industry, it should come as no surprise that take-out shops would eventually seize the opportunity as well. The six-month-old Gourmet Gazelle on New York's upper East side is one such operation offering a variety of upscale, nutritionally controlled dishes for takeout and office catering.

"It's gourmet food with added subtractions," quips Ellen Brown, who owns and operates the shop with Suzanne Ainslie.

Preparing the food in a central kitchen, Brown and chef Joe Printz have designed their selections to appeal to urban gourmets. For example, the Gourmet Gazelle's repertoire of 150 dishes includes chicken and watercress terrine; Szechuan pasta and pork salad; Thai noodles with grilled shrimp in a spicy sauce; salmon with chervil and champagne sauce; and veal paillard with artichoke and chardonnay.

The average per-person lunch check for three courses runs from $6.50 to $8, while dinner checks average $10 to $12. Business for the six months has been brisk, according to Brown. "We're doing soundly for a start-up business," she says. "The store is averaging $1,200 to $1,300 in daily sales." ■

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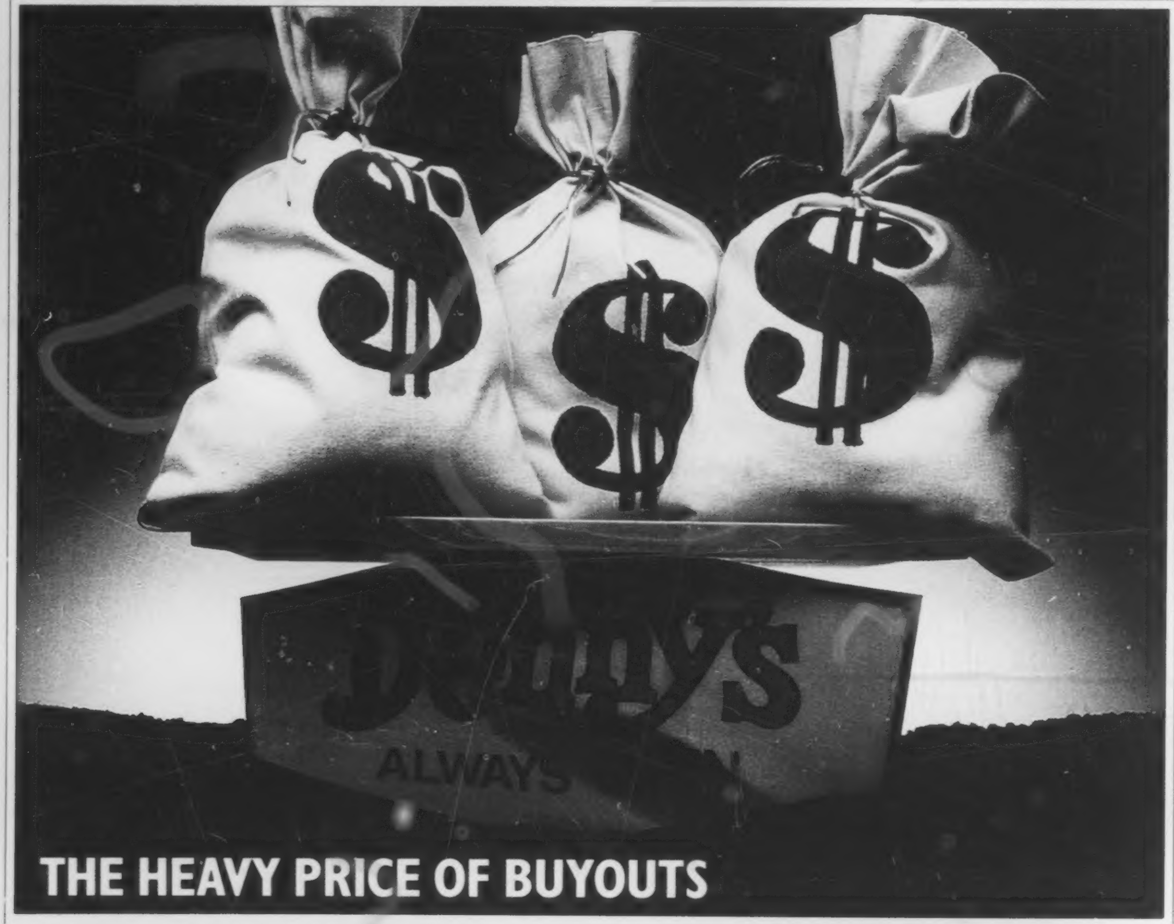
Restaurant Business

A BILL PUBLICATION

JULY 1, 1988



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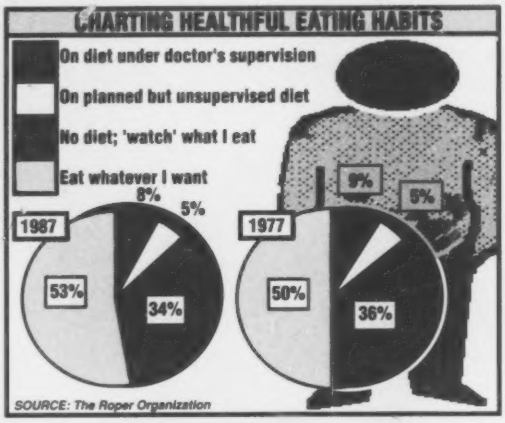
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

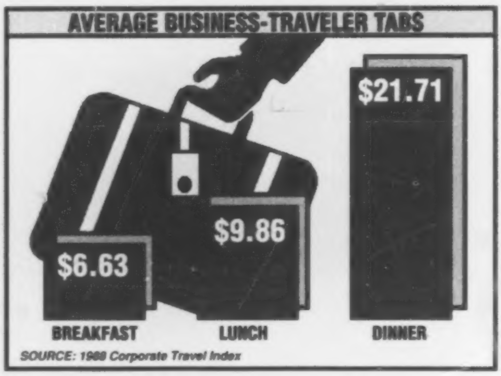
By Howard Riell



SOURCE: The Roper Organization

Who Is Dieting, And Why

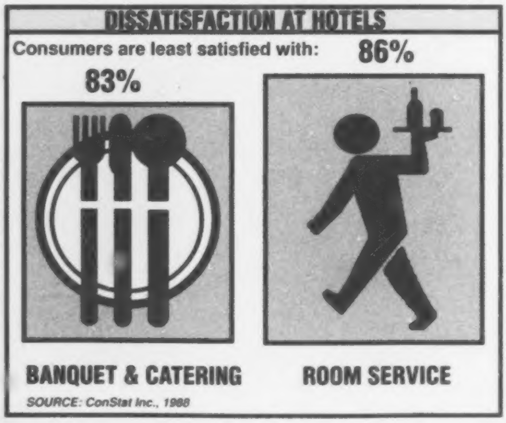
The propensity to diet has remained notably constant in this country over the last 10 years despite widespread beliefs to the contrary. Is this an indication that operators promoting more healthful menu items are going in the wrong direction? Not necessarily, but it might help explain the many conversions of salad bars to full-fledged food bars offering all sorts of entrees by chains like Rax, Sizzler, and Wendy's, to name a few. On the flip side, however, 41% of those who do diet said they do so for overall health reasons, as opposed to 25% who cited simply the size of their waistlines.



SOURCE: 1988 Corporate Travel Index

The Cost Of Eating Out Of A Suitcase

Business travelers who dined in hotels and motels last year spent an average of $46.30 on meals in the nation's top 100 business cities, including taxes and tips, according to a study commissioned by *Corporate Travel* magazine. Among the most expensive cities, not surprisingly, were New York (averaging $82.32 per day), Philadelphia ($62.92), Honolulu ($61.46), Boston ($60.71), and San Francisco ($57.81). Among the least expensive, and again no surprises: Atlanta ($43.98), Cleveland ($42.68), Milwaukee ($41.86), and Salt Lake City ($41.33).



SOURCE: ConStat Inc., 1988

Poor Grades For Hotel Foodservice

An overwhelming proportion of the 1,700 hotel patrons questioned by ConStat Inc. thought hotels were severely lacking when it came to their foodservice—specifically banquet and catering for special events, and room service. The disturbing figures, then, shed light on both the business and private segments. Where else are hotels failing? Only one out of 10 consumers said they take advantage of frequent-stay programs. Just over half, 57%, recall any hotel advertising in the previous six months. And only 27% felt they experienced a unique or outstanding service or feature during their last stay. ■

CHARTS DESIGNED BY SHARI FANG

RESTAURANT BUSINESS

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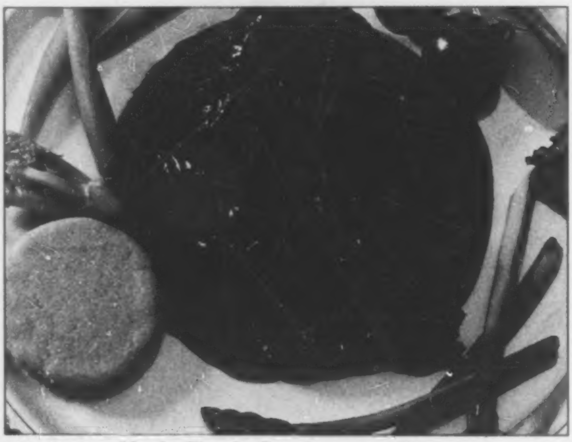

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CONSOLIDATION **MERGERS & ACQUISITIONS.** *In an industry confronted by lower valuations, an increasingly difficult business environment, and a raging battle for chain market share, business combinations look better than ever to many companies. This activity, which has remolded the economic landscape of the foodservice industry, will continue to be an important factor in shaping the future* **73**

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Cover photograph by Steve Eisenberg.

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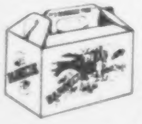

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RESHAPING THE INDUSTRY

BY KEVIN FARRELL

Merger and acquisition activity, which has remolded the economic landscape of the foodservice industry, will continue to be an important factor in shaping the future of the restaurant industry. In fact, as a result of a confluence of factors, many industry experts believe that merger activity is likely to pick up and continue heavily, at least for the next 18 months.

The reasons are numerous. In an industry confronted by lower valuations, an increasingly difficult business environment, and a raging battle for chain market share, business combinations look better than ever to many companies. They make sense for both acquirers (companies seeking strong new niches or trying to bolster existing operations) and sellers (companies seeking growth financing).

Almost as important, the trend towards disinvestment will also continue, laying the groundwork for management-led leveraged buyouts and spawning conditions for merger and acquisition activity among medium and small-sized companies. Pillsbury has already announced that large pieces of its foodservice empire are on the auction block, and other major players may follow with similar announcements.

NO MORE DRAMATIC ENTRANCE. While some experts disagree with this basic scenario, on one fact they are united: There will be no more dramatic entrances of major non-foodservice industry corporations into the restaurant business. The days of a General Mills or Pillsbury moving from the packaged goods business into foodservice are over. For now, merger and acquisition activity will more likely take place within the foodservice industry itself, as assets are bought, sold, or redeployed in a horizontal rather than vertical manner.

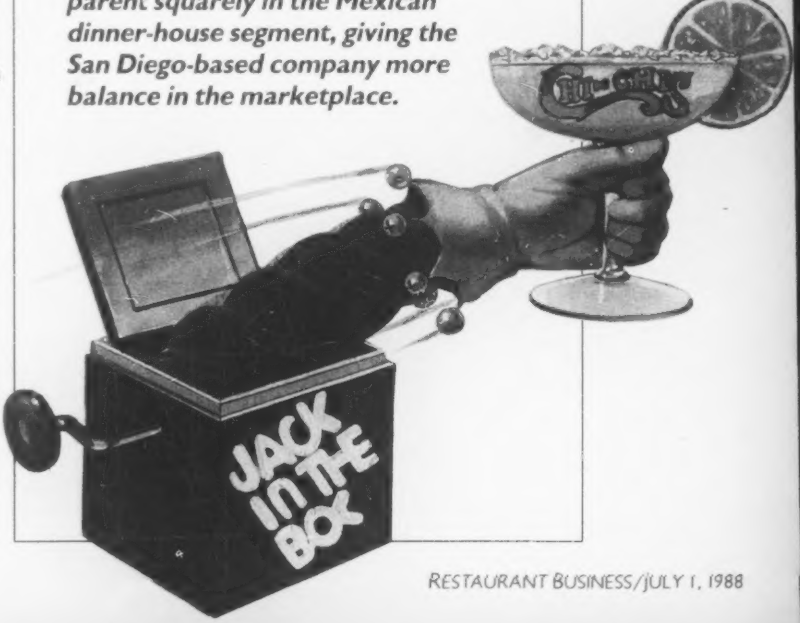
All in all, it appears that mergers and acquisitions will continue to play an important part in the corporate strategies of foodservice companies. "There's a player for every pattern," claims Malcolm M. Knapp, a New York City-based consultant to the industry.

This stepped-up merger and acquisition activity, however, must be viewed in the context of the overall economy and put in perspective in relation to business conditions in the foodservice industry today. "Unfortunately, the foodservice industry is a tough place to make money these days," laments Jay Fairfield, a restaurant analyst and associate vice president at A.G. Edwards & Sons, St. Louis. "The restaurant industry is in turmoil," adds Bryan C. Elliott, a chain restaurant analyst with the Robinson Humphrey Company in Atlanta. "And it is out of favor with many investors. The typical restaurant company today is underperforming. There are too many units out there...an oversupply of restaurant seats. That makes it a dangerous environment for the weaker players. Eventually it will work itself out, but for now it is troublesome," says Elliott.

BUY, DON'T BUILD. The fact that the restaurant industry is overbuilt and saturated is not new. What is new is the "buy rather than build" mentality that some experts see sweeping the foodservice industry in the wake of last October's stock market "meltdown."

ILLUSTRATIONS BY GEORGE KANELOUS

Foodmaker's recent purchase of Chi-Chi's puts Jack in the Box's parent squarely in the Mexican dinner-house segment, giving the San Diego-based company more balance in the marketplace.



"The October 19 crash set off a buying binge in this industry," adds Elliott. "When assets can be purchased at low prices, there will of course be buyers."

Since last October 19, a number of major foodservice industry deals have been clinched. Among them:

- TW Services' purchase of Denny's.
- Foodmaker's acquisition of Chi-Chi's.
- Horn and Hardart's deal for International King's Table.
- Anwar Soliman's purchase of Naugles and Del Taco.
- Weatherly's deal for Hamburger Hamlets.
- TPI's purchase of Shoney's South.

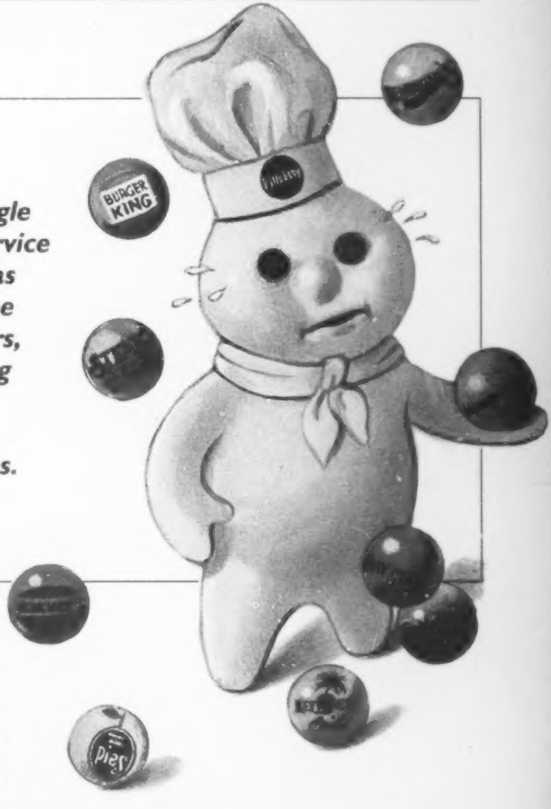
In addition, a group of management-led leveraged buyouts have also taken place since the October crash. Many of these deals were completed at lower prices than originally negotiated, in light of the turmoil and the abrupt valuation changes in the capital markets. While some of these deals may have been completed anyway, regardless of the market meltdown, October 19 radically changed the picture for the chain restaurant industry.

Industry observers' opinions on both the short- and long-term impact of October 19 are mixed, however. While some see the crash as responsible for the new wave of merger and acquisition activity, others think current merger mania is merely inherent in this particular cycle of the restaurant industry. Still others feel that restaurant valuations will fall even lower, which will accelerate the current merger activity or set off a new round of acquisitions—both friendly and hostile.

"Before October 19, the market was trading at about 20 times earnings, then it came down to 15 to 16 times earnings, which is still very favorable historically. In light of that kind of movement, people started trying to structure deals again, but there is a good chance of another major decline," cautions Bjorn Hanson, a senior principal for lodging and foodservice consulting for Laventhol & Horwath, the CPA firm based in New York. He sees the possibility of another 250- to 300-point drop in the Dow, which will take the market much longer to recover from. "Restaurants would be hurt very badly in such a situation," he says.

ECONOMIC REALITIES. The future aside, the economic realities of operating restaurant chains in the U.S. today are frightening enough. Consumer spending appears to be headed downward, competition is increasing daily, the minimum wage is about to take a significant jump, and the industry-wide battle for market share is hotter than ever. "Foodservice companies will buy existing operations in order to enhance market share in certain segments," says David Sher, who runs his own consulting firm and is on the faculty of the School of Hotel Management at Cornell. "What we will see now is a very active, but very selective environment for mergers and acquisitions."

Unable to juggle all of the foodservice investments it has acquired over the past several years, Pillsbury is taking steps to unload some of its restaurant chains.



Sher believes that there will continue to be large-scale deals like the Marriott purchase of Saga in 1986, but only if the purpose is to make significant inroads in terms of market share. "After the purchase, Marriott got rid of what they didn't want, and were left with the excellent properties, which is why they did the deal in the first place," says Sher.

"That kind of deal is smart; it fits into an overall sound corporate strategy," he adds. "We'll see more deals like that, where existing foodservice companies shift to other corporate umbrellas where they make sense. But the criteria for a purchase—return on investment—will be tougher than ever in this kind of environment."

Another kind of deal that will most likely be negotiated over the near term is the purchase of small, regional chains that have earned a good customer following. "Smaller, regional chains that are shopping-center focused and are doing $1 million to $1.5 million in average volumes will make good targets," says Hanson of Laventhol & Horwath. "They will be especially attractive to potential suitors if they can be 'chained' easily and in other geographic locations," he adds. Sher agrees with Hanson's assessment: "The new targets will be six- to 15-unit chains with high volumes, good profit margins, and the possibility for expansion. Those kinds of companies would be good candidates for acquisitions or merger activity, or even for going public on their own if the environment for that improved."

"We'll be seeing more of these smaller deals," agrees David L. Epstein, a restaurant specialist and principal with the investment banking firm J.H. Chapman Ltd., Chicago. "In smaller deals, there are more people willing to take a chance, and there is less risk. There will be more activity in the $5 million to $10 million and up price range, deals involving companies with excellent concepts, where there is a great deal of incentive to sell, either because the owner wants to get out or the founders want to grow but have

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run out of financing sources." He adds, though, that the environment is tougher than ever for some companies. "Since the market is crowded, there will be a higher failure rate among chains. The smaller ones without a good concept, or ones that are unable to change quickly enough to suit consumer tastes, will be in trouble."

Medium- and small-sized chains may be forced to look at mergers as the only route for future growth. "Receptivity to restaurant deals in the public markets is extremely low right now," says Stephen A. Rockwell, vice president of Alex. Brown & Sons Inc., based in Baltimore. "Investors don't forget too quickly. Past deals have gone sour. There haven't been enough good restaurant deals for investors to forget the bad ones." He adds that, partly as a result of the October debacle, public company valuations have declined, and restaurant stocks have been hit hard. "Investment bankers just aren't interested in restaurant deals right now."

As a result, the managers of companies that Rockwell describes as having been good public-market candidates a year ago—those with quality management and a sound concept—will have to look elsewhere for growth financing. Smaller companies in good shape are more attractive than ever to potential acquirers due to lower valuations now. "There are smaller companies out there—I mean smaller than the conglomerates that got into restaurants a decade ago—looking to build portfolios of restaurant companies," says Knapp. "They're attracted to companies that are doing well in their particular niche. They don't want to get into turnaround situations. They're too risky."

OTHER METHODS. "Wall Street was one way to raise money for expansion," says Richard C. Conti, senior principal and chairman of Laventhol & Horwath restaurant and foodservice consulting group, Chicago. "But that avenue has slowed or ceased, so companies may have to grow more slowly or look to other methods of financing their growth."

Conti and other experts point to venture capital—a market that has, historically, been relatively unenthusiastic about the restaurant industry—and to mergers and acquisitions as routes that

PEPSICO'S PLAN: STAY No. 1

When it comes to the quick-service restaurant segment, PepsiCo's goal is simple: to be number one.

Everything the Purchase, NY-based conglomerate has done in operating its rapidly growing, profit-oriented restaurant group speaks to that. In 1986, the acquisition of Kentucky Fried Chicken (now some 7,500 units strong) made PepsiCo the largest restaurant system in the world with almost 16,500 units at the end of 1987, including Taco Bell and Pizza Hut.

All three of those chains lead their respective operating segments (chicken, Mexican, and pizza), in terms of both sales and units. More significantly, all three offer growth opportunities of unprecedented parallels in terms of new-product development, new-market development, and, subsequently, sales and profitability.

Everything from home delivery to international market development will fuel the growth of all three segment-leading chains, whose domestic market sales total $6.7 billion out of a $56 billion quick-service market.

PepsiCo's growth strategy for its trio of segment leaders is simple: tap into demographic trends and develop products and operating services to meet those needs. That includes everything from Pizza Hut's home delivery, now in 36 states, to KFC's Chicken Littles sandwiches and Taco Bell's testing of new finger foods.

CAREFUL STRATEGY. Backing up all of that has been PepsiCo's carefully developed strategy in mergers and acquisitions. PepsiCo cannot take credit for creating any of its three segment-leading restaurant chains, but it can take credit for identifying the growth leaders it wanted in its foodservice portfolio.

"We're best when we can take something that has been developed and optimize it," says Donovan R. Christopherson, senior vice president-restaurant development, for PepsiCo. "We can do better with our talent on something that's proven. We understand the economics of standardization, the economics of franchising. We're not good at growing young businesses."

Indeed, not only has PepsiCo been busy assimilating KFC into its restaurant family, it has helped drive unit growth and market penetration for Taco Bell and Pizza Hut by acquiring smaller, regional chains for conversion purposes.

"We're buying and selling restaurants all the time," notes Christopherson. "If they become available, and they're in a market we'd like to have, we bring them in house."

According to PepsiCo, this growth and expansion strategy not only augments the size of its chains but helps avert industry cannibalization because it does not add new units to an already overpopulated restaurant industry universe.

When PepsiCo purchased KFC in 1986, everyone from securities analysts to competitors to consumers figured more would be coming from PepsiCo in terms of foodservice operations.

But first something was going. La Petite Boulangerie, a 147-unit cafe/bakery chain, just did not belong on the same block with KFC, Taco Bell, and Pizza Hut, so PepsiCo sold it in April of 1987.

Now, everyone is waiting for PepsiCo's next move. But will there be one soon? If so, what will it be?

At the time of the KFC acquisition,

make sense for emerging restaurant companies. "There's a lot of money out there looking for the right deals," adds Epstein. "They're willing to put it into the right deals. They have traditionally shied away from restaurants due to the high failure rates, but there are a lot of 'money people' waiting to see how recent deals turn out. If they go all right, we may see a number of others."

The greatest opportunities for acquisitions in the foodservice industry—over both the short and long terms—may come from disinvestment of properties by larger corporations and in management-led leveraged buyouts.

Ten years ago, the big news in the restaurant business was the arrival of the food-packaging conglomerates on the restaurant scene. Pillsbury purchased Burger King, General Foods gobbled up Burger Chef, Ralston Purina bought Jack in the Box, PepsiCo grabbed Pizza Hut, and it appeared that the day of the foodservice conglomerate had arrived. The strategy behind these deals was diversification and vertical integration of a food distribution company, say analysts, so that one corporation controlled the growing and distribution of food in both the home and away-from-home markets. "They figured that they had the access to the food, so all they had to do was acquire the distribution units and learn to manage multiple units," says Hanson of Laventhol & Horwath.

"But, overall, the performance of foodservice companies under those corporate umbrellas was spotty," says Sher of Cornell. "Gradually, most of them departed from the industry."

Why? Generally, experts agree that the restaurant mentality doesn't translate well into the corporate milieu. "There are extremely intensive requirements in running a restaurant company," says Roger Lipton, a chain restaurant analyst and managing director for Ladenberg, Thalmann & Co., New York City. "It is a hands-on business, and success or failure is determined at the unit level, not in a corporate headquarters," he notes.

"The winners in this business are the people who are able to create the strongest unit-level execution of quality, service, and cleanliness," adds Elliott of Robinson Humphrey.

"Many of the large companies that

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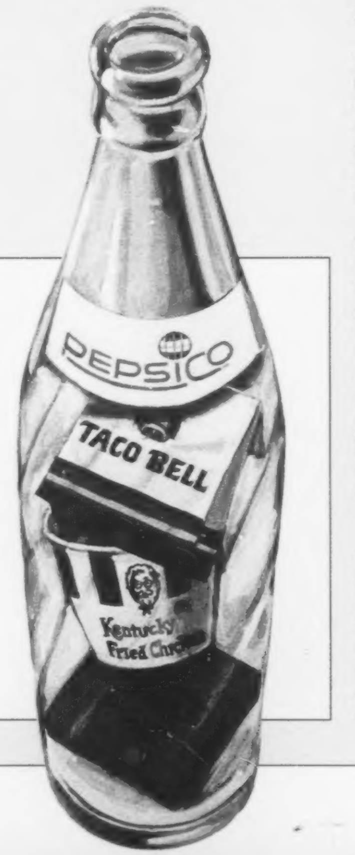
Michael Jordan, then president of PepsiCo and now president and CEO of PepsiCo Worldwide Foods, said that PepsiCo had not only looked at KFC, but at chains in the hamburger and seafood segments as well.

BURGERS. While nobody is about to grab McDonald's while CEO Michael Quinlan has his way, are Wendy's and Burger King out of the picture for PepsiCo, which does not have an operating wing in the burger segment?

"There's very little they couldn't buy," says Hugh Zurkuhlen, an analyst at Salomon Brothers Inc., New York City, who follows the beverage industry. The idea of PepsiCo acquiring a burger chain intrigued him then as it does now.

The two burger chains, groping for real sales gains, are potentially attractive acquisition targets. "Not knowing the price, you're still buying the second-largest chain, and the big get bigger," Zurkuhlen says of Burger King, which Pillsbury is rumored to have on the block. "PepsiCo would like to get another KFC," he adds.

By adding Kentucky Fried Chicken to its Pizza Hut and Taco Bell holdings, PepsiCo became the largest operator of restaurants in the world, with more than 16,500 units in three systems.



Indeed, a chain like Burger King would offer PepsiCo all the things it seeks in a major foodservice acquisition: optimal distribution outlets and market penetration, and outstanding new-market and new-product development opportunities, including international markets.

GROW PROFITABLY. And as CEO and company chairman D. Wayne Calloway states in the firm's annual report: "Our ability to quickly generate profitable growth from new investments allows us to take full advantage of the significant amounts of cash generated by all three of our businesses. And these businesses provide excellent opportunities to profitably reinvest that cash in existing operations or in closely related acquisitions. Our objective is not merely to grow, but to grow profitably."

But if PepsiCo is looking for another big deal at the moment, it is staying mum on the subject, at least publicly. "We're now probably more interested in real estate than in purchasing other chains," says Christopherson. "But we wouldn't be doing our job if we were not looking at everything."

bought into this industry thought that large-scale management expertise would allow them to improve the business, but the restaurant business is very different from the packaged goods business. They thought, incorrectly, that the restaurant business was like others. It isn't," says Hanson.

As a result, companies have started to sell off their restaurant properties. Hanson adds that, now, selling off restaurants "is viewed as getting rid of a headache as well as making a favorable deal. Many of these conglomerates today have compelling reasons to sell off their restaurant properties."

Indeed, Pillsbury has put Godfather's and, reportedly, Steak & Ale, on the auction block. In addition to Pillsbury, only General Mills, with Red Lobster and Olive Garden, and PepsiCo, with Pizza Hut, Kentucky Fried Chicken, and Taco Bell, remain dominant conglomerates in the industry. The other top players, including Marriott, McDonald's, ARA, Dairy Queen, and Wendy's (at least for now) are independent, foodservice-only companies. And industry observers do not expect another rush of corporate purchases of restaurant companies. "Those days are over," says Sher.

OPPORTUNITIES. But the departure of these conglomerates from the restaurant business—or the partial demolition of their foodservice divisions—may provide opportunities for leveraged buyouts. Until a few years ago, leveraged buyouts were very rare, especially in the foodservice business. But, as they grew in popularity in the early 1980s, as "deconglomeration" became the watchword, the restaurant business became a prime candidate for these kinds of deals. The reason is cash flow. In a leveraged buyout, the management of the division or company borrows heavily, often issuing "junk bonds" against future earnings in order to finance the sale of the company, which then goes private. The only ways to pay down the staggering amounts of debt required to make the purchase are to sell assets or to pay it off out of earnings.

Restaurants are able to do this because the cash flow is a large and constant stream. In addition, restaurant chains can often pare costs significantly and improve margins.

"I wouldn't be surprised to see more leveraged buyout deals in restaurants," says Tom Pratt, a restaurant analyst with Mabon Nugent & Co. in New York City. "There are plenty of people out there dying to lend people the money for this sort of thing."

Others aren't so sure about this positive prognosis for risky LBO activity. Says Hanson of Laventhol & Horwath: "With the future uncertain for restaurants, lenders may be reluctant to take as many chances on management-led LBOs. I think they'll still be done, but at lower levels of debt than a few years ago. You have to be very cautious about taking on high levels of debt in a sensitive environment. I can see 80% to 90% debt levels, and the seller may have to take more debt back, but not the 100% leverage we were seeing two years ago. Deals will be structured differently from now on."

FIGHTING FOR APPROVAL. "Management-led leveraged buyout makes a lot of sense in the foodservice business because it enables managers to take the longer-term view," says Knapp, the New York City consultant. "They won't just be fighting to get Wall Street's approval each quarter." In addition, Knapp says there are pools of money available for these kinds of deals.

There are also a number of current chain restaurant managers who would like to become owners and there are former managers who would like to get back into the game. "There's an old saying in this business: If you've managed restaurants in the past, you'll do it again in the future," laughs Epstein, only half joking.

"There are a lot of people out there with the expertise who are looking to get back into this business. When they hook up with the people with the money, we'll see more leveraged deals." But he cautions that many potential players are waiting to see how some recent LBOs turn out, including Restaurant Association, Carrols, and IHOP. "If they go sour, the whole business could go down."

ROBUST OUTLOOK. On the whole, the outlook for merger and acquisition activity in the foodservice industry is robust. But it won't be like it was in the past, with non-foodservice companies coming in to buy restaurant chains at ever-higher multiples. Instead, merger activity will be much more focused, as companies already in the industry seek new niches and larger players continue to diversify.

While there are certainly potential problems looming for the restaurant industry, including soft consumer demand, lower profits, and increased competition, it appears—for now at least—that merger activity will clearly increase.

"Aside from one-unit independents," says Hanson of Laventhol & Horwath, "everyone is a target."

More Merger Mania on page 85

One company's disinvestment is another company's chance for growth, as Anwar Soliman demonstrated when he went shopping with American Restaurant Group—for Marriott's castoffs.

THE MAJOR DEALS

SELECTED FOODSERVICE INDUSTRY TRANSACTIONS, 1984-PRESENT

BUYER/ACQUIREE	DATE OF ACQUISITION	VALUE OF TRANSACTION $000,000	REVENUES AT TIME OF PURCHASE $000,000	COMMENT
ALLECO INC. (Formerly Allegheny Beverage Corp.) Servomation Corp.	5/85	259	495.6 573	Alleco's Servomation acquisition made it the No. 2 contract foodservice concern. An Alleco subsidiary, Service America Corp., was formed (including Servomation and Macke divisions), then acquired by management in 1987 to help pay debt incurred by Servomation acquisition.
AMERICAN RESTAURANT GROUP Saga Corp.	2/87	300	N/A	Just months after acquiring Saga, Marriott sold it to ARG, a new company headed by former W. R. Grace executive Anwar Soliman. Saga had 343 restaurants, including the Grandy's chain, Stuart Anderson's Black Angus/Cattle Co., Spectrum Foods restaurants, and others. Soliman used this move as a prelude to other acquisitions.
AWR II ACQUISITION CORP. Del Taco Inc. Naugles Inc.	2/88 N/A	Undisclosed Undisclosed	N/A N/A	ARG's Anwar Soliman created a new company, AWR II, for the purpose of acquiring the two Mexican fast-food chains. He planned to combine the two entities (Del Taco's 202 units and Naugles' 171 restaurants) into a more potent competitor to segment leader Taco Bell.
BOB EVANS FARMS INC. Owens Country Sausage Inc.	1/87	15.9	262 N/A	By acquiring this Texas retail operation, Bob Evans Farms, a 186-unit family-restaurant operator based in Ohio, could launch a new chain, Owens Family Restaurants, and develop a Southwest presence. Owens restaurants are slated for initial development in Texas markets.
BOMBAY PALACE RESTAURANTS INC. Lifestyle Restaurants	9/87	5.8	8.6 50	In a stock trade, Bombay, which operates a chain of Indian restaurants, acquired Lifestyle's 16 Beefsteak Charlie's units and franchise rights to 33 others (with total sales of $50 million for the 49 restaurants). The company plans to upgrade the ailing Beefsteak Charlie's chain, and resume franchising activity on a territorial basis.
CARROLS HOLDING CORP. Carrols Corp.	12/86	109	136.4	With the retirement of chairman and majority owner Herbert N. Slotnick, the Syracuse, NY-based Burger King franchisee was acquired by management. Buyout included $88 million in cash and assumption of $21 million of debt. Carrols' 136 Burger Kings made it one of the largest franchisees. However, a $3.4 million loss was reported in 1986.
CAVALCADE FOODS INC. Furr's Cafeterias Bishop Buffets	12/86	237.5	292	Cavalcade was formed for the purpose of acquiring the two cafeteria chains (133 Furr's units, 35 Bishops) from K Mart Corp. The sale marked K Mart's exit from foodservice, a venture it had not found especially profitable. In Sept. 1987, Furr's/Bishop made a public stock offering; no expansion plans have been announced.
COLLINS FOODS INTERNATIONAL INC. Tenly Enterprises Inc.	7/85	20	395.7 63	Collins, majority owner/franchisor of 548 Sizzler restaurants, acquired Tenly in order to convert Tenly's 80 Rustler steak houses into Sizzler units. The move helped Collins develop a stronger presence in the Northeast, where, at the time, it had operated only 31 Sizzler restaurants.

BUYER/ACQUIREE	DATE OF ACQUISITION	VALUE OF TRANSACTION $000,000	REVENUES AT TIME OF PURCHASE $000,000	COMMENT
EQUICOR GROUP LTD.				With only 15 company-owned and 5 franchised units, Nathan's was acquired as an expansion vehicle. Equicor, a newly formed investment group, announced that it will expand Nathan's through franchising. Its projected growth rate is 150 units over the next three years.
Nathan's Famous Inc.	7/87	19.4	22.9	
FOODMAKER INC.			598.2	With this move, Foodmaker, parent of 900-unit Jack in the Box, entered the dinner-house market. Though Chi-Chi's is an expansion vehicle, Foodmaker, which went private in in a $450 million LBO in 1985, will have to deal with soft earnings at the 113-unit chain; though 1988 earnings have improved, the chain lost nearly $5 million in 1987.
Chi-Chi's Inc.	2/88	230	289.9	
HANSON TRUST PLC			10,000	A hostile takeover brought to Hanson Trust, among other things, the troubled Ground Round restaurant chain. Ground Round, with 165 units, is being refurbished and more heavily marketed; several restaurants were closed.
Imperial Group PLC	4/86	3,836	7,260	
HORN & HARDART CO.			425	A tender offer brought H&H about 100 IKT buffet-style cafeterias in the Northwest. The move expanded H&H's presence to a national scope. As with other acquisitions (H&H does not develop its own concepts), H&H's focus will be on improving restaurant operating performance.
International Kings Table	3/88	65	100	
IHOP HOLDING CORP.				This represented a leveraged buyout of the 452-unit International House of Pancakes chain. The buyout was led by IHOP CEO Richard Herzer and senior management.
IHOP Corp.	5/87	Undisclosed	264	
INTEGRA				The 58-unit Monterey House operated under Chapter XI when acquired; Integra planned a $6 million revamping of the troubled chain. Pizza Time, also under Chapter XI, added 60 units to Integra's 107 ShowBiz Pizza Place units.
(Formerly Brock Hotel Corp.)			228.6	
Monterey House Inc.	8/87	12.1	N/A	
Pizza Time Theatre Inc.	6/85	5	151.8	
INTERNATIONAL DAIRY QUEEN INC.			183.9	DQ's moves significantly broadened its operations. Over 230 KarmelKorn and 725 Orange Julius outlets were added to DQ's nearly 5,000 ice cream stores and 112 Golden Skillet restaurants. OJ franchisees in shopping malls have been encouraged to add DQ/KarmelKorn Treat Centers.
KarmelKorn Shoppes	3/86	Undisclosed	2.9	
Orange Julius International Inc.	8/87	23.5	125	
LADBROKE GROUP PLC			2,617.5	Months after acquiring Hilton International from Transworld Corp. for $980 million, Allegis Corp. sold the division (minus U.S. hotel properties) to Ladbroke. With 63 properties, Ladbroke is a leading international hotel chain.
Hilton International	10/87	1,070	754.5	
MARRIOTT CORP.			3,524.9	Marriott's Gladieux, Saga, and Service Systems acquisitions turned it into the largest foodservice contracter. The HoJo move (Marriott kept 418 restaurants, selling 125 hotels and motor lodges to Prime Motor Inns for $287 million) provided conversions for Roy Rogers and Big Boy. **Marriott revenues at 8/86: $4.2 billion.
Gladieux Corp.	1/85	Undisclosed	10.5	
Howard Johnson Co.	11/85	531	600	
Saga Corp.**	8/86	694	1,254.8	
Service Systems Corp.	2/85	Undisclosed	320	
PANTERA'S CORP.			33.7	Following Pantera's acquisition for $1.5 million by Concept Development Corp. (CDC), which then changed its own name to Pantera's, the 125-unit chain acquired 255 company-owned Pizza Inns and franchise rights to 472 others. CDC, a former Godfather's franchisee, sold some units and converted the rest into Pantera's.
Pizza Inn Inc.	7/87	65	211.2	
PARAGON RESTAURANT GROUP				Paragon was formed after a $122.5 million leveraged buyout of VICORP Restaurants Inc.'s 89 specialty restaurants. Dodging a stockholder's takeover attempts, the 21-unit Rusty Pelican found a preferred suitor in Paragon, headed by former VICORP chairman Gordon Miles.
Rusty Pelican Restaurants Inc.	11/87	45.9	59.8	

BUYER/ACQUIREE	DATE OF ACQUISITION	VALUE OF TRANSACTION $000,000	REVENUES AT TIME OF PURCHASE $000,000	COMMENT
PEPSICO INC.			9,290.8	Acquisition of KFC created the nation's largest restaurant operator, and marked RJR/Nabisco's (then KFC's parent) exit from the restaurant business. PepsiCo's Pizza Hut division gained 100 conversion units through the Straw Hat deal; its Taco Bell subsidiary picked up 143 restaurants through its tender offer of Calny, the largest franchisee. **PepsiCo revenues at 10/86: $8.1 billion.
Calny Inc.	12/87	41.4	68	
Kentucky Fried Chicken Corp.**	10/86	841	1,100	
Straw Hat Restaurants Inc.	1/87	Undisclosed	N/A	
THE PILLSBURY CO.			4,670	Diversifoods, a company formed by the 1983 marriage of Chart House and Godfather's Pizza, was Pillsbury's largest Burger King franchisee (377 units). Godfather's had 865 stores, and is today a management takeover target. The 8-unit Quik Wok, slated for expansion, has instead seen closings due to poor results and financial woes at Pillsbury.
Diversifoods Inc.	8/85	392	554.4	
Quik Wok Inc.	6/85	Undisclosed	4	
RESTAURANT ASSOCIATES INDUSTRIES INC.			163.9	After acquiring 31 Acapulco y los Arcos restaurants from founder Ray Marshall, RA acquired the 10-unit Casa Vallarta for conversion to Acapulco restaurants. The 6-unit Office chain is an expansion vehicle for RA. In Dec. 1987, RA—which also operates Charlie Brown restaurants and newsstands—itself was acquired in an $82 million LBO.
Acapulco Restaurants	3/86	19	41.5	
Casa Vallarta	1/87	8	N/A	
Office Restaurants	11/86	Undisclosed	10	
RESTAURANT ENTERPRISES GROUP INC.				This leveraged buyout was led by Norman N. Haberman, former head of W. R. Grace's family restaurant division. The acquisition included 690 family, casual-dining, and dinner-house restaurants, operating under such names as Coco's, Houlihan's Old Place, Charlie Brown's, Bristol Bar & Grill, and several others. Grace's sale virtually ended its involvement in the restaurant business.
W. R. Grace & Co. Restaurant Group	12/86	536.7	1,030	
SIS CORP.			13.5	This acquisition marked the exit of Wendy's International from the chicken market. SIS Corp., the largest franchisee of Sister's Chicken & Biscuits restaurants with 20 units, acquired 35 stores from Sister's, a Wendy's subsidiary.
Sisters International Inc.	4/87	14.5	N/A	
STEVE'S ICE CREAM INC.			N/A	The acquisition of troubled Swensen's (the company had just lost $1.3 million on revenues of $9.3 million) made Steve's the largest ice cream franchisor. Swensen's 340 mostly franchised units were added to Steve's 103 units.
Swensen's Inc.	12/87	9	9.3	
TENNESSEE RESTAURANT CO.				The acquisition of Perkins (a Holiday Inns subsidiary) brought to Tennessee and Donald N. Smith (former chairman and CEO of Diversifoods) 103 restaurants and franchise rights to 224 others. The Perkins chain, which raised $61 million in a public offering in 1986, immediately underwent unit upgrading and menu changes.
Perkins Restaurants Inc.	11/85	Undisclosed	104	
TPI ENTERPRISES			3.2	Shoney's South, a 250-unit Shoney's franchisee, is said to be the first of many acquisitions TPI plans; the company has over $200 million in assets. TPI's Shoney's South acquisition, a last-minute move beating a buyout bid by management, occurred after franchisor Shoney's Inc. announced plans to allow further unit development by franchisees.
Shoney's South Inc.	4/88	123	212.5	
TW SERVICES INC.			1,918.1	Having rejected Marriott's $854 million bid for Denny's, DHI went to TW Services, a company that was founded to acquire Transworld's Canteen Corp. and Spartan Foods subsidiaries under Transworld's liquidation. DHI itself was the result of a management takeover of Denny's in 1984. The company included 1,191 Denny's and 71 El Pollo Loco restaurants, and a 42% stake in Winchell's Donuts.
DHI Corp. (Denny's)	9/87	858	1,200	

*Value of transaction includes cash, stock, and accumulated debt.
Material researched and compiled by Judy Lyon Davis and Ralph Raffio.
Sources: J.H. Chapman Group Ltd., Rosemont, IL; IDD Information Services Inc., New York, NY; The Food Institute, Fair Lawn, NJ; *Restaurant Business.*

MARKET SEGMENT REPORT

MEXICAN

Traffic counts were up 48% over the past five years, compared to 14% industrywide.

BY JACQUE KOCHAK

The Mexican segment continues to be among the strongest in the foodservice industry, but the strength is selective. While some companies prosper, others are feeling the pinch of too much competition.

Overall, according to the National Restaurant Association, sales and traffic counts were up just 4% at Mexican restaurants last year, compared to annual gains in the 6%-to-12% range in earlier years.

BRIGHT PICTURE. Lest the picture appear too bleak, however, consider that traffic counts at Mexican restaurants were up 48% from 1982 to 1987, compared to a 14% average increase at all restaurants.

Mexican restaurants are slowly but steadily increasing their market share, according to the NRA. From 1982 to 1987, Mexican restaurants' share of total traffic rose from 2.8% to 3.6%. The customer base, though small, is expanding.

Success stories vary from one part of the country to another. In the Southwest Tex-Mex belt, innovative new fast-food concepts are attracting more customers than they can serve, while other companies are troubled by too much competition and a depressed economy. The California market is still strong and growing, while the Northeast, viewed longingly by many Mexican operators as virgin territory for expansion, has proven difficult to tap.

"In general, the segment is strong," says Art Becker, vice president of marketing for Cheyenne, WY-based Taco John, the country's second largest Mexican fast-food chain. "This is one of the few segments of fast food that has room to grow geographically. But you can't just go to the Northeast and throw up a building." There are regional differences in taste even within the areas where Mexican food is established, Becker points out.

Acapulco Restaurants is noted for a broad menu of authentic Mexican regional cuisine served in a festive family environment.

FAST IS FIRST. Fast-food restaurants are definitely the growth leaders in the Mexican segment, with full-service concepts trailing. In 1987, sales and traffic at fast-food Mexican restaurants were up 7% and 5%, respectively, says the NRA. On the other hand, midscale and upscale Mexican restaurants recorded gains of just 1%.

Growth creates problems. This is intensified for Mexican restaurants in the Southwest, where an oil- and energy-based economy has taken some hard blows.

"The segment is too crowded. There are over 500 Mexican restaurants in

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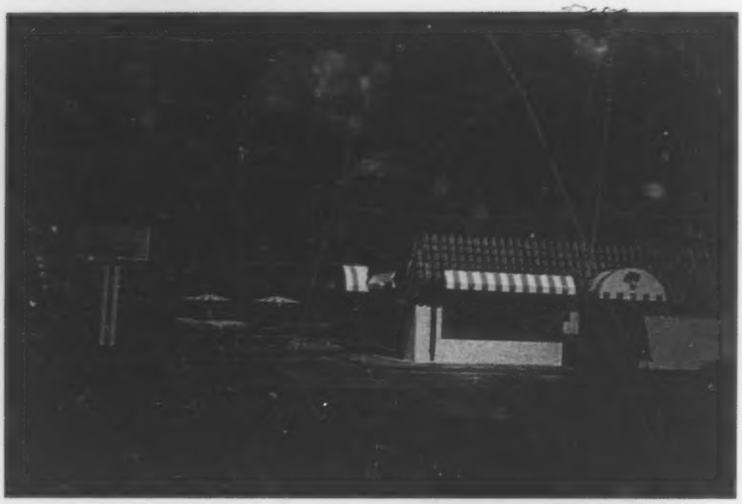


Top: Taco John's has 425 restaurants; new units seat 60. The chain's Mexican food, like the pictured Super Salsa, is spicier than most.

Houston alone," says Roland Laurenzo, president of Ninfa's of Houston, which operates 11 midprice restaurants in Houston and one in Dallas.

INTENSE COMPETITION. A spokesperson for Dallas-based El Chico Corp. agrees that competition is intense in the Southwest. "When you know the number of consumers is not going to grow, you have to gain customers from the competition," she says. "There seems to be a lot of refocusing going on, with top management concentrating on how to improve market share."

Outside of the very crowded Tex-Mex homeland, however, the future may not look so bleak. At least that's the opinion of Vincent Liuzza, president of Cuco's, a small midprice dinnerhouse chain based near New Orleans. "The problems in the midscale segment weren't caused by lack of demand or by customers switching their preference away from Mexican. As all of us get our problems fixed, I think you'll see some things happening."

The upscale portion of the segment is dominated by independents, and they continue to attract a core of new customers who have graduated from mass-market Mexican food. Their emphasis is on a continuing move toward authenticity in food, with operators exploring the wide variety of regional Mexican styles. Restaurants such as La Fogata and Rosa Mexicano in Manhattan, the Frontera Grill in Chicago, and Villa Las Palomas in Orlando are familiarizing customers with the rich complexities of the cuisine.

One of the most interesting developments in the Mexican segment in recent years is the "patio" concept, which fills a niche somewhere between fast-food and full-service Mexican dining. These concepts, born in Texas, offer authentic, freshly prepared, high-quality Mexican specialties with fast-food-type service but in colorful, festive surroundings more reminiscent of a midscale Mexican restaurant.

They usually offer a limited alcoholic drink menu and low prices. High volumes and 24-hour-a-day service are typical. The two leaders so far are Taco Cabaña and Two Pesos. They are, to say the least, similar.

"They seem like identical concepts, except that one is bright pink and one is bright blue," says Mike Wood, executive vice president for Wichita, KS-based Taco Tico. "We're all watching them. But the lifestyle is so different down in Texas, who knows how well the concept will go someplace else?"

On the question of whether such concepts can be translated to areas outside the Sunbelt, another operator is optimistic. "Obviously, the concept is geared toward areas where the weather is nice, but the more authentic Mexican food is a plus, as is the atmosphere," says John Corcoran, vice president of finance for San Antonio-based Alfonso's, another patio concept.

DRIVE-THRU-ONLY. Another new development in the Southwestern market is the appearance of kiosk operations that have opened within the last 18 months. Taking their cue from the popular drive-thru-only hamburger kiosks, these operations have names such as Fajita Junction, Cactus Flat, and Fajita Street. They offer limited menus in drive-thru-only buildings.

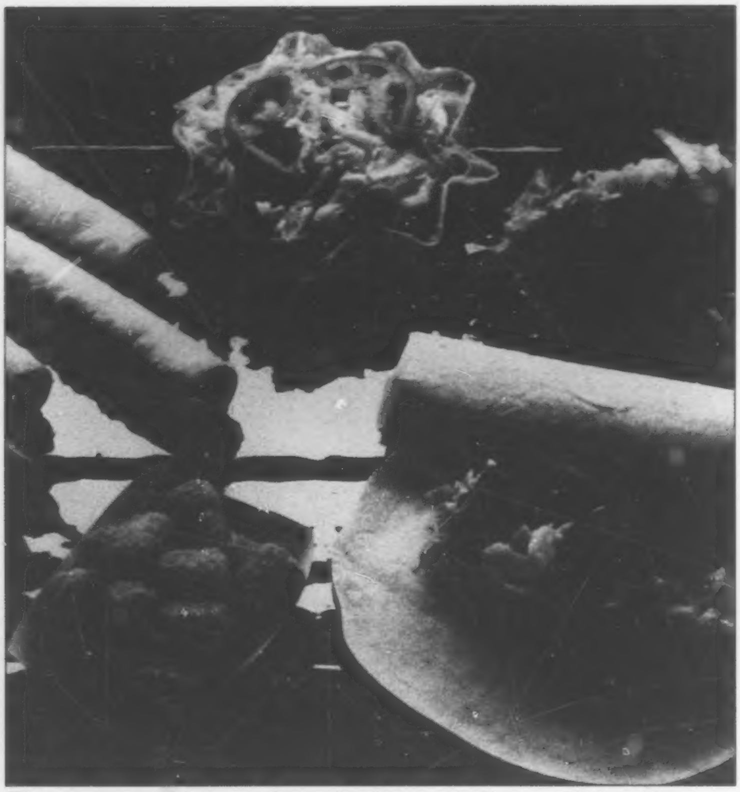
So far, the kiosks aren't viewed as serious competition by other Mexican fast feeders. "In my opinion, they're dealing in secondary and tertiary locations," says Paula Grissom, vice president of marketing for Dallas-based Taco Bueno. "But the market keeps getting divided up a little more. Everybody's fighting for dollar share."

Adding to the competition is the fact that fast-food operators in other segments have seen the popularity of Mexican food, and are offering some very attractive alternatives. San Diego-based Jack in the Box, for example, offers a Fajita Pita. Dublin, OH-based Wendy's International offers a taco bar as part of its expanded salad bar.

FAST FOOD. Taco Bell, with 2,712 units systemwide, is by far the largest player in the Mexican segment. Owned by PepsiCo, the Irvine, CA-based company posted 1987 sales of $1.5 billion, with unit volumes averaging $553,000.

The chain has set its sights high: It aims to establish 4,000 units and systemwide sales of $4 billion by the end of 1991, only three years away. The goal seems possible: The company has doubled its number of units and tripled systemwide sales in the last five years.

A company spokesperson attributes the steady increase in average unit volumes to upscaling of stores so they are bigger and brighter; to an increased emphasis on service and hospitality; and to the success of Taco Bell's steak



These are some of the menu items that have made Eugene, OR-based Taco Time International a significant force in the West Coast market.

The segment's growth is slowing: Sales and traffic were up 4% in 1987, down from 6% to 12% previously.

fajitas. Chicken fajitas will be rolled out in August.

Taco Bell has been steadily penetrating regions where Mexican food is not indigenous, particularly the Northeast. In fact, Taco Bell is so large (with 55.5% share of the Mexican fast-food segment) that the company can actually educate wary consumers about its brand of Tex-Mex specialties.

The chain spends an estimated $60 million on advertising, and has just launched a major new campaign with the theme "Make a Run for the Border." Shot in the Arizona desert, the spots are full of stunts and action and are supposed to convey the idea that when you're hungry for Mexican food, any effort is justified to reach the nearest Taco Bell.

A group of industry veterans is apparently bent on challenging Taco Bell's hegemony. Newport Beach, CA-based AWR II, which recently acquired Del Taco Inc. and Naugles, is owned by the six principal shareholders, including Anwar Soliman, who also own the American Restaurant Group (ARG). Soliman is former head of W.R. Grace's restaurant division. ARG owns some 360 restaurants, including Stuart Anderson's, Black Angus, Prego, and The Velvet Turtle.

At the end of March, AWR II acquired two of California's leading Mexican fast-food operations. "We made the acquisitions because we saw the opportunity to become the number-two chain," says John Ghuzzi, vice president of AWR II. "We don't see anyone else stepping up to the plate as a strong competitor against Taco Bell. Both Naugles and Del Taco are quite similar, but were competing with each other behind Taco Bell. We feel there is room for another strong chain, because market penetration has not reached the level of other segments."

Ghuzzi adds that initially Naugles and Del Taco Inc. will continue to operate under two different names. "It's premature to discuss changes," he says. "We haven't made a decision on a name." The two chains will post combined sales of some $250 million, making AWR II the second largest Mexican fast-food operator in the country in terms of sales. The company has 373 units.

Costa Mesa, CA-based Del Taco Inc. held franchising rights for the Del Taco concept in California. The former Del Taco Corp., now part of W.R. Grace-owned Taco Villa/Del Taco Corp., based in Dallas, holds franchise rights in the rest of the country. Ghuzzi says that AWR II will continue the franchising program now in place, as well as expand with company stores.

Del Taco Inc., with 202 units, differs from 171-unit Naugles (formerly a part of Los Angeles-based Collins Foods International) in that its menu is narrower and its portions are smaller. Also, Naugles is a 24-hour operation.

Naugles was acquired by Collins two years ago after Naugles' hasty expansion nearly bankrupted the company. Turnaround moves included trimming unprofitable units, adding a marketing department, and adding to the menu.

MIDWEST PRESENCE. The second largest Mexican fast-food chain in terms of units is Cheyenne, WY-based Taco John, with 425 units, only five of them company-owned. The company should finish 1988 with about 485 units, says Art Becker, vice president of marketing.

Taco John units are located from the West Coast through Illinois and Indi-

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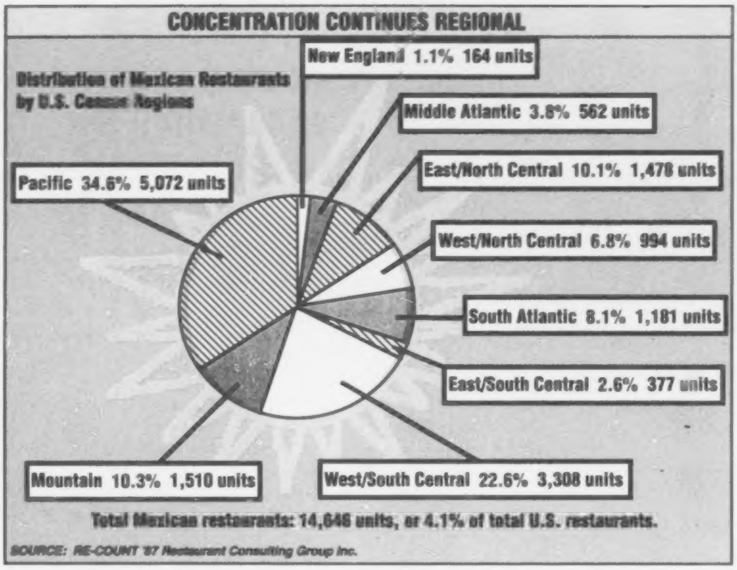

SOURCE: RE-COUNT '87 Restaurant Consulting Group Inc.

CHART BY SHARI FANG

Mexican units are slowly but steadily increasing their penetration; in five years, share of total traffic rose from 2.8% to 3.6%.

ana, with the largest concentration in the upper Midwest.

Taco John started with little walk-up modular units that have since been discontinued. Newer units are 40 ft. x 40 ft. and seat 60 people comfortably. For the newer units, average unit volume is $350,000, says Becker. Systemwide sales in 1987 reached $110 million.

Taco John is gradually expanding its menu, recently adding a dessert item called a *churro* as well as a smothered burrito. Two more products are in test.

Taco John's point of differentiation from other Mexican fast-food outlets is that the sauces are considerably spicier than the norm. "That eliminates some customers, but the people who like us, like us a lot," says Becker.

Taco John is also different from many fast feeders in that the company successfully ventures into very small towns. For example, it has units in Hardin, MT, population 4,000, and Yates, SD, population 3,000.

A significant force in the Mexican fast-food market on the West Coast is Eugene, OR-based Taco Time International, with 250 units, all but 19 franchised. An aggressive expansion program in recent years has taken the company beyond its regional base into Canada, Venezuela, Japan, and England. Now the company's sights are set on east of the Mississippi. Some 23 to 25 units will open in 1988.

Del Taco Corp., which retains rights to expand the Del Taco concept outside of California, is controlled by Dallas-based Taco Villa Inc., a public company 80% owned by New York City-based W.R. Grace & Co. The 140 units are located mainly in Texas and the Southeast and operate in tandem with 45 Taco Villas in Southern markets.

Both concepts share some of the same menu items, though the Del Taco menu has more elaborate entrees such as enchiladas, chimichangas, and combination plates. Taco Villa favors tacos and other hand-held items. However, there is enough similarity to allow efficiency in marketing and advertising.

Wichita, KS-based Taco Tico, with 115 units in the Midwest, is continuing a remodeling program and adding drive-thrus to units. Some 42 units are franchised, and 73 are company owned, with unit volumes averaging $330,000. Sales in 1987 reached $36 million.

The company will be adding two to four company units this year as well as four to six franchised stores.

Dallas-based Taco Bueno, a subsidiary of Unigate Restaurants, operates 108 company-owned restaurants primarily in Oklahoma and Texas. Units are clustered especially heavily in the Dallas/Ft. Worth, Oklahoma City, and Tulsa markets.

Taco Bueno's 2,400-sq.-ft. units typically seat 92 people. Taco Bueno is similar to other fast-food Mexican chains, with a menu featuring beef tacos and burritos as well as grilled chicken and steak fajitas, fajita platters, and guacamole salad. Emphasis is on fresh, high-quality ingredients.

New menu items include chicken fajita nachos. In 1987, Taco Bueno introduced MexiDips & Chips, which accounts for more than 8% of sales.

While Taco Bueno at this point is strictly regional, vice president of marketing Grissom calls the company a strong competitor of giant Taco Bell in the markets where they meet head-on. "According to our research, customers prefer our taste," she says. "But you sure can't ignore Taco Bell."

Taco Bueno's advertising and marketing budget is a mere $3 to $4 mil-

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Metairie, LA-based Cuco's has improved platter presentations and added shrimp fajitas, shrimp nachos, and chicken salad.

Fast-food restaurants are the growth leaders in the Mexican segment, with full-service concepts trailing behind.

lion, compared to Taco Bell's $60 million, but the company recently broke a new advertising campaign aimed directly at Taco Bell's competition.

The company has also just introduced a new building design in Ft. Worth. The prototype has an expanded interior to accommodate a larger seating area, as well as a new color scheme of light peach, teal blue, and deep rose. Other interior features include a new menu board design and expanded product merchandising, a skylight in the dining area, a salsa bar, new uniforms, additional cash registers, and a more efficient kitchen. The exterior sports rose-colored neon accents and outdoor patio seating.

PATIO CONCEPTS. The largest of the new patio concepts is Houston-based Two Pesos, a public company now operating 22 company units and two franchised units. New units are opening monthly, and management hopes to have 30 to 40 open by March 31, 1989, the end of Two Pesos' fiscal year.

Two Pesos buildings are bright blue, with some seating indoors, some on an open-air patio, and some in a dining room sheathed by garage-style doors that can be opened weather permitting.

Customers place their orders at a counter, then take their food to a condiment bar. Beverages are self-service.

Mainstays of the menu are the trademark homemade flour tortillas, sizzling fajitas, Mexican rice, and "borracho" beans, says director of marketing Chuck Herrera.

Another trademark is 99¢ margaritas, but alcohol is provided only as a complement to food, says Herrera. Beer, wine, and margaritas account for about 10% of sales.

Two Pesos is the first patio concept to venture outside of Texas, where mild winter weather makes a year-round patio viable. Restaurants were to have opened by press time in Oklahoma, Arizona, and Atlanta, and two new franchisees were to announce building plans in Virginia and Denver.

The weather outside the Sunbelt is definitely a concern for Dallas-based Chili's, which last year signed a joint venture agreement to expand another patio concept, San Antonio-based Taco Cabaña. "It doesn't take a rocket scientist to figure out that bad weather can hurt the sales at a patio concept," says Ron McDougall, president of Chili's.

So far, Chili's has built three Taco Cabañas in the Dallas/Ft. Worth market. "We're still in a test mode," says McDougall. "We've had positive comments on the food and ambience, but a third to half of the seating is outside, and our concern remains the weather."

Chili's joint venture with Taco Cabaña gives Chili's world territorial rights, not including South Texas, Mexico, Southern California, Tucson, and Washington, DC—areas retained by Taco Cabaña.

Taco Cabaña was founded in 1978 by members of the large Stehling family. The brothers and sisters later split up, with six of them going on to found another similar concept in San Antonio called TaCasita.

Ten company-owned Taco Cabaña units are open, in San Antonio, Dallas, and Austin. Average sales are $2.5 million per unit. The units also feature double-drive-thru windows that generate between 30% and 40% of business. Average check is $4.50.

Taco Cabaña and Two Pesos units are virtually identical except that Two Pesos' exteriors are blue and Taco Cabaña's are pink. That similarity has been the cause of lawsuits, with Chili's executives alleging that Two Pesos copied the Taco Cabaña concept.

TaCasita is very similar to Taco Cabaña and Two Pesos in appearance. Five units are open, two in San Antonio, two in Austin, and one in Houston. Again, the mainstay of the menu is beef fajitas made from skirt steak, as well as chicken fajitas and flour tortillas made fresh daily.

Principal owner Mike Stehling admits that if TaCasita moves out of the Texas market some of the authentic food will undoubtedly be modified. But for now the broad, authentic menu keeps customers satisfied, and average unit volumes of about $2.5 million keep the owners satisfied.

Yet another of the popular patio concepts is Alfonso's, with 13 company-owned restaurants in the San Antonio market. Two more units are under construction.

The first unit opened in 1982 on San

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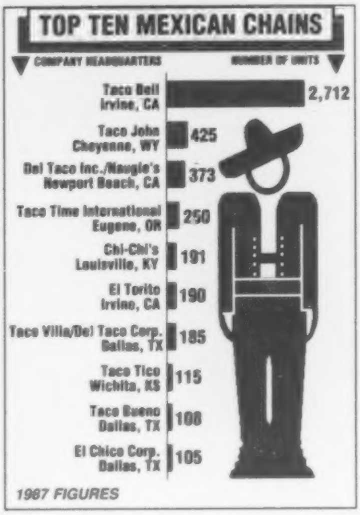
MEXICAN


TOP TEN MEXICAN CHAINS

1987 FIGURES

CHART BY SHARIFANG

Antonio's south side, and was in direct competition with Taco Bell. All foods are prepared from scratch and served in a casual, upbeat atmosphere. Customers can add spices from a free-standing condiment bar. Margaritas are available along with domestic beers on tap and iced bottled beers from Mexico.

Alfonso's is now embarking on a redecorating program, with an emphasis on brighter colors, neon lighting, and more landscaping around the patio. Management is also contemplating changing the name to something more distinctly indicative of Mexican food. "Alfonso's could be Italian in another kind of market," Corcoran points out.

FULL-SERVICE RESTAURANTS. A resounding success story among midprice Mexican restaurants is Louisville-based Chi-Chi's Inc., which has undergone a successful turnaround under the leadership of Hal W. Smith, brought on as chairman and chief executive officer a little over two years ago.

In fact, a revitalized Chi-Chi's became an attractive takeover target, and the company was recently acquired by San Diego-based Foodmaker Inc., operator of the Jack in the Box hamburger chain.

Chi-Chi's, with 191 units, had expanded too rapidly, and sales had been sliding for three years. In addition, the company was troubled by high management turnover. All this was going on at a time when many midprice restaurants were troubled by saturated markets and soft sales. The Mexican segment had seemed to be wide open, but in some areas customers didn't warm up to Mexican food as quickly as expected, and in other, more mature markets, customers were too sophisticated for Chi-Chi's comparatively bland Sonoran-style offerings.

Smith traced unit-sales declines to inconsistent customer satisfaction, made worse by revolving-door unit management. He promptly improved compensation, reduced excessive work hours, and established a new training program. Improved recruiting and hiring policies are bringing in more qualified candidates. Smith also moved to improve profitability by writing off marginal units, cutting administrative staffing and overhead, and developing a smaller prototype unit.

The menu has been redesigned with more color and brighter graphics. The company has also upgraded plate presentation and improved menu selections, with new entrees including pork fajitas. Chi-Chi's relies heavily on its fajitas line, called by the trademarked name "Chajitas." The line includes chicken, beef, and shrimp fajitas, served on a sizzling platter and folded into warm flour tortillas, then topped with cheese, guacamole, sour cream, and *pico de gallo* relish. Chajitas account for about 19% of Chi-Chi's sales.

The company also spent an average of $45,000 per store on exterior and interior improvements to remodel all company stores. The restaurants now are more colorful and less cluttered, with large, bright murals greeting customers at entrances and in the bar and dining rooms.

NEW CONCEPTS. With Chi-Chi's renewed success has come an interest in testing new Mexican concepts, including El Pronto walk-up mall units featuring a scaled-down Chi-Chi's menu. Also new for Chi-Chi's is Papanada's Border Cafe, a Mexican dinner house with some American menu items, designed specifically for the Southeast and South Central U.S. A reformulated concept and new name help prevent public confusion with Chi-Chi's franchises that failed in Georgia and the Carolinas.

The other new concept is called Chajitas, which is similar in some respects to the patio concepts. The fast-food Chajitas features a display mesquite grill, alcoholic beverages, and attractive surroundings as well as a limited menu, relatively low prices, and fast service.

Chi-Chi's major competitor in the dinner-house segment is Irvine, CA-based El Torito. The chain is owned by Restaurant Enterprises Group Inc., the management-owned company that bought all of New York City-based W.R. Grace Co.'s full-service restaurants. Restaurant Enterprises Group Inc. also owns Kansas City-based Gilbert/Robinson Inc.

El Torito operates 190 restaurants under a variety of names, including El Torito, Casa Gallardo, Casa Maria, Tequila Willy's, and Whc Song & Larry's.

The company has been very quiet about its activities since its acquisition by Restaurant Enterprises Group.

continued on page 148

Taco Bueno features many variations on the popular fajitas, including this new item, Chicken Fajita Nachos.

"We make a policy of keeping our business affairs private," notes executive vice president Mike Casey.

TAILORING. One regional Mexican dinner-house chain, Dallas-based El Chico Corp., is pursuing a policy of adapting restaurants to individual markets in order to build a competitive advantage. For example, the menu at Cuellar's Cafe was changed five times in response to customers' suggestions about spiciness and product mix. Cuellar's Cafe is a 270-seat theme restaurant operated by El Chico.

El Chico operates 33 franchised and 65 company-owned restaurants in Texas, Louisiana, and Oklahoma. The company has closed a few unprofitable units, but is planning to expand in the South and the Southeast by the end of fiscal 1988-1989. Last year, El Chico implemented a program of aggressive cost-cutting following an unprofitable fiscal year ending in May 1987. This year, however, the company is back to showing a profit.

Another midprice Mexican restaurant chain that has suffered in a soft market is Houston-based Monterey House. The 58-unit company is now owned by Integra, formerly Brock Hotel Corp., which bought it out of bankruptcy. Units are located in Texas and Oklahoma, with 60% clustered in the Houston area.

The company is experienced in turning around floundering restaurant chains; a few years ago, Brock took on the challenge of resurrecting stricken ShowBiz Pizza Places. "We were successful enough with turning ShowBiz around that the time seemed right to take on something else," says Dick Huston, who is a Brock vice president of marketing involved in activities for both ShowBiz and Monterey House.

Huston says that sales trends are now positive after three years in the red. The going hasn't been easy, however. Huston says that Brock Hotel Corp. did quite a bit of research before making the acquisition, and found that unit sales levels were half what they had been four or five years ago, down to a little more than $400,000 annually. "There had been significant sales deterioration for a while, and we knew that things would get worse before they got better," he says.

Integra's strategy is to hold on to Monterey House's old core of loyal customers, and lure back the "rejecters," those who had tried the restaurants and categorized the food as "bland, microwaved, and precooked," says Huston.

"We owned Monterey House for almost nine months before we started marketing to the public," he adds. "We think we've 'fixed' the food, but to characterize this as a smooth transition would be a lie. For example, Monterey House used to hide a little piece of caramel candy in the chips. We stopped doing that, and we got 500 or 600 comment cards saying 'What have you done?'"

Huston is firm that Monterey House is not trying to reposition, or "jump out of its niche," as he phrases it. "Monterey House will never be on the leading edge," he says. "We're not positioned as a gourmet restaurant, or as a trend-setting concept. We appeal to Middle America, the people who go out for regular lunches and Tuesday night dinners with the family."

The company's new television advertising emphasizes that Monterey House is the same, but better. Television spots highlight beautiful food shots, showing a customer who is unable to decide what to choose from all the new entrees on Monterey House's menu.

Integra is also remodeling restaurants, punching in skylights to lighten dining rooms, and adding lots of plants and Mexican color and artifacts.

Acapulco Mexican Restaurants, owned by New York City-based Restaurant Associates, operates 41 company-owned restaurants in California,

NINFA'S
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Ninfa's of Houston is experimenting with a fajita delivery service.

Oregon, and Washington. The chain grew substantially last year with the acquisition of eight Casa Vallarta Restaurants and two La Villa Taxco Restaurants. An additional one or two restaurants will be acquired this year, says Grant Beresford, promotions coordinator.

Acapulco Restaurants, noted for a broad menu of authentic Mexican regional cuisine served in a festive family environment, has seen unit sales hold steady at about $1.75 million annually.

TRAVELING FAJITAS. With 11 midprice restaurants in Houston and one in Dallas, Ninfa's of Houston is successfully experimenting with a fajita delivery service from three restaurants, with plans to expand the service to all units. Restaurants deliver chicken or beef fajitas along with side dishes such as chili *con queso,* beans, and flour tortillas to homes within 10 minutes' driving time of units.

Fajitas are sold by the pound and come with red and green sauce, chips, onions, and *pico de gallo.* Price is $10.95 a pound, and the service is so successful that sales at one unit have increased by 15%, at another by 10%, and at a third by 8%.

Fajita delivery was relatively inexpensive to initiate, says president Roland Laurenzo, because drivers use their own cars. The service was advertised by means of doorhangers and direct mail that zeroed in on nearby neighborhoods.

Metairie, LA-based Cuco's is a midprice Mexican chain that has successfully negotiated rough waters and is showing its third consecutive year of increased comparable unit sales after losing money. Cuco's operates 23 units, nine of them company-owned, most of them in economically hard-hit Louisiana.

For the last year and a half, Cuco's has been focusing on improving operations rather than growing. Emphasis has been on containing costs, realigning the product mix, improving service, and increasing the average check, says president Vincent Liuzza. "Now we're ready to begin modest expansion."

The company has improved garnishes on all its platters, and is using sour cream on everything instead of charging extra. Shrimp fajitas, shrimp nachos, and chicken salad have been added to the menu, and the dessert line has been broadened. Flan (a Mexican custard) is lower priced than Cuco's popular fried ice cream, and has helped improve the average check, which has risen from about $8.25 to close to $9.

The printed menu was redesigned to improve the product mix and to help improve the check average. The previous menu was a straightforward presentation, with no features. The new menu features those entrees that Cuco's prefers to sell, such as chimichangas.

The menu also highlights "Cuco's Difference," as Liuzza calls it, under the heading of "33 Reasons Why Cuco's is Better." The menu goes on to explain that Cuco's uses only fresh, high-quality ingredients such as ground sirloin in its food.

The future seems bright for the Mexican segment. Although the rate of sales and traffic may decline, overall increases should continue. Most chains and independents continue to prosper, even in the economically depressed and somewhat saturated Southwest. And for the venturesome companies that manage to penetrate the nearly virgin territories of the Northeast and Middle Atlantic states, the rewards are great. ∎

With 2,712 units, Irvine, CA-based Taco Bell is the segment leader. Pictured: Taco Bell's MexiMelt.

The upscale portion of the segment is dominated by independents attracting new customers who have graduated to authenticity.

7/19/88

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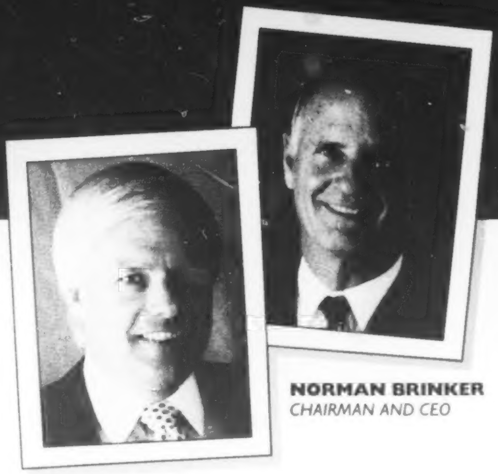
MARKET SEGMENT REPORT/**ITALIAN** PAGE 145

Restaurant Business

A BILL PUBLICATION

JULY 20, 1988



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PRESIDENT AND COO

WHAT KEEPS CHILI'S HOT?

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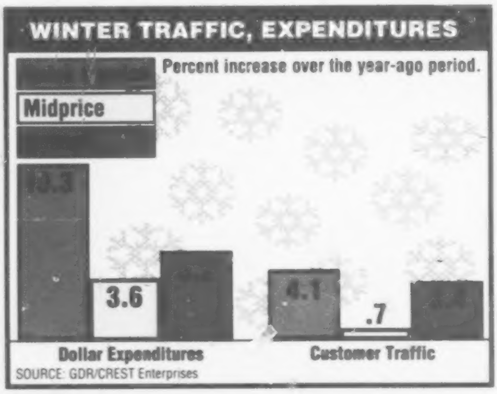
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

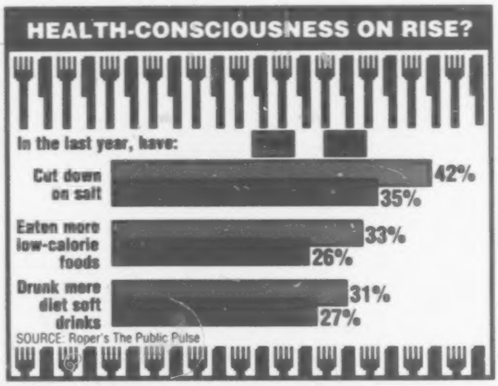
By Howard Riell


WINTER TRAFFIC, EXPENDITURES

SOURCE: GDR/CREST Enterprises

Quick Service Leads In Winter Quarter

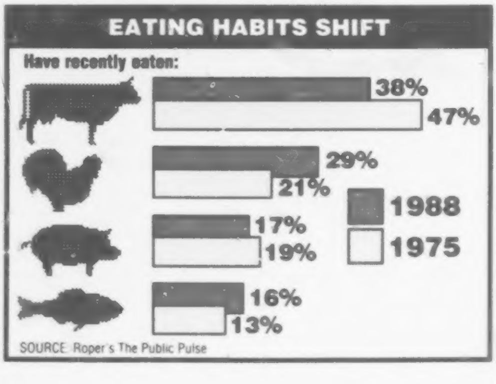
Quick-service restaurants outpaced the midprice and upscale segments in both customer expenditures and traffic for the winter quarter, according to just-released figures from CREST, a service of NPD Research. The segment has been leading the industry for several years. The proliferation of takeout, delivery, and drive-thru service—in short, the increased convenience of quick-service dining—plus an increase in discounting have all contributed to the rising numbers. Reports CREST, quick service "enjoyed literally all of the incremental growth in 1987."


HEALTH-CONSCIOUSNESS ON RISE?

SOURCE: Roper's The Public Pulse

More Americans Watching Diets

While fitness fads have faded, they have left a "more balanced approach to a healthy lifestyle," according to Roper's Public Pulse. However, the researchers are quick to point out that there may be a difference between what respondents say and what they do. Their report points to the growth of fast food and the "alleged" rise in snacking as indications that statistics may be misleading. "These developments and others suggest to some that American consumers' lifestyles are reverting to 'bad old ways'."


EATING HABITS SHIFT

SOURCE: Roper's The Public Pulse

Foods In And Out Of Favor

Operators, ever vigilant for the slightest additional insight into consumers' changing tastes, should take a close look at two measurements of what people are eating, taken 13 years apart. While beef consumption is shown to have dropped substantially, operators in the highly competitive steak-house segment note that the drop-off has slowed, and may, in fact, be reversing itself. Chicken and fish have undoubtedly gained in popularity, as evidenced by their strong presence on fast-food menus. On the other hand, pork—which operators say is now leaner and lighter than ever before—has reportedly dipped slightly.

CHARTS DESIGNED BY SHARI FANG

RESTAURANT BUSINESS

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Cover photograph by B and G Associates
Inset photographs by Robert Latorre

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Restaurant Business now has available specially prepared reprints of the **1987 RESTAURANT GROWTH INDEX** and the **1988 MAJOR FORCES IN FRANCHISING.** These annual studies are invaluable reference tools.

The reprints are available for $5 per copy. Direct orders and inquiries to: Editor Peter Berlinski, *Restaurant Business* Magazine, 633 Third Avenue, New York, NY 10017.

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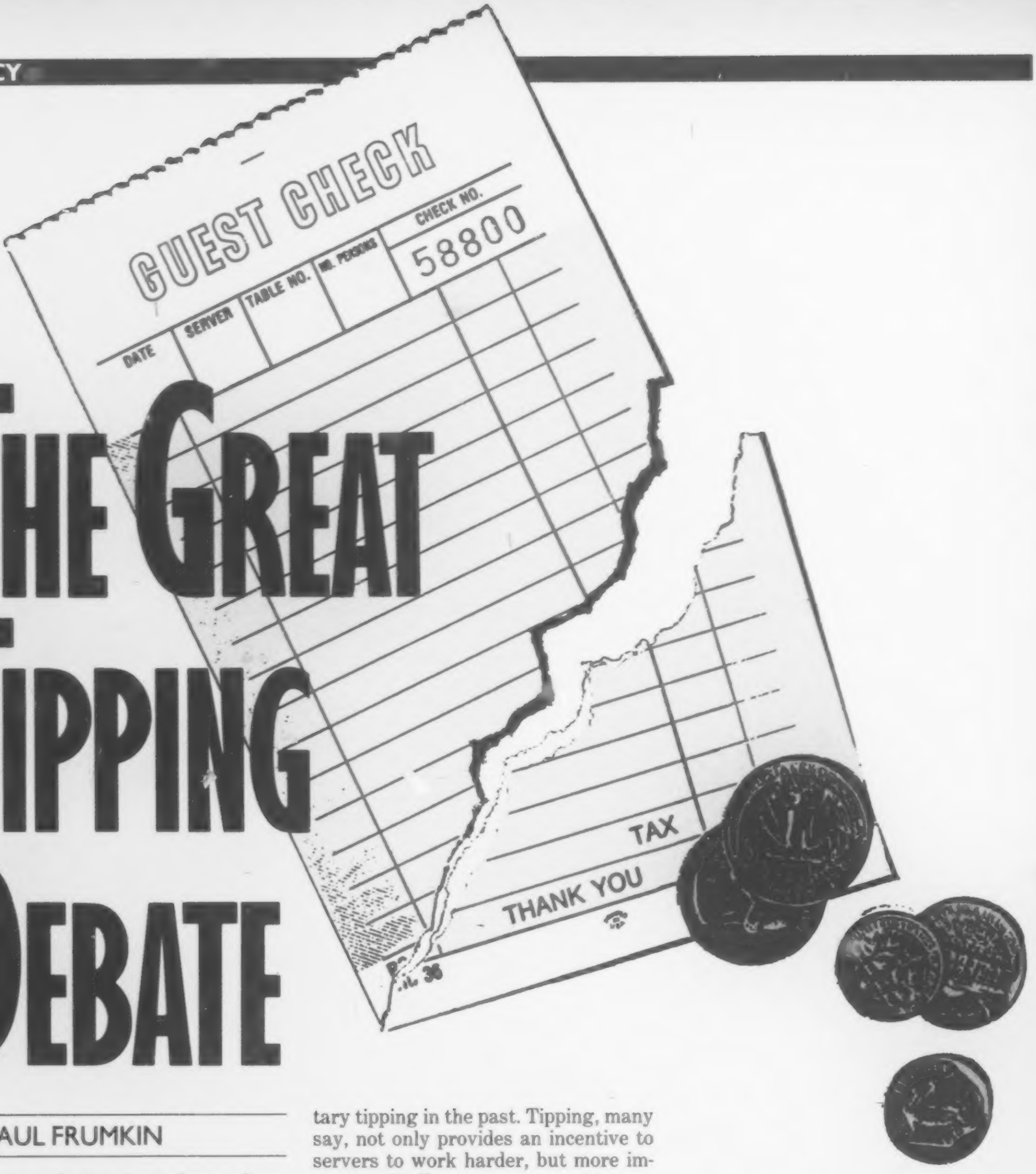

THE GREAT TIPPING DEBATE

BY PAUL FRUMKIN

Voluntary tipping has always been viewed as something of a mixed blessing by restaurateurs. Confused customers are often heard to complain about having to perform the higher mathematics necessary to arrive at the proper gratuity. Is 10% too little? Is 20% too much? What about the maitre d'? The sommelier? The guy who parked the car?

Nor is it so uncommon for an indifferent waiter—who probably earns the bulk of his income from tips—to announce to management in the heat of an argument, "I work for the customer. I don't work for you!"

But despite those and a few other attendant irritations, restaurateurs have largely supported the custom of voluntary tipping in the past. Tipping, many say, not only provides an incentive to servers to work harder, but more important, it allows management to control labor costs as well.

UNDER FIRE. In recent months, however, the tradition of voluntary tipping has come under fire from some operators as something whose time has come and gone. In place of tipping, they would like to see American restaurateurs implement a fixed service charge similar to that used in Europe.

Most proponents of the service charge claim that the need for such a change is the direct result of "oppressive" governmental regulations. They blame tax legislation enacted in 1982, 1984, and 1987, which, respectively, requires operators to monitor employees' tips for the IRS and to pay unem-

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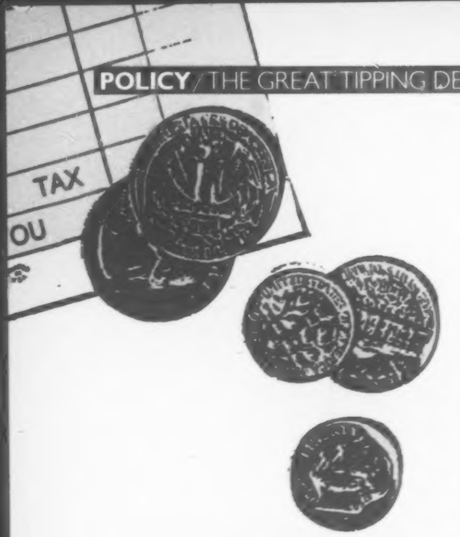
Operators are divided on the issue of tipping vs. the service charge, sparking a superheated controversy.



Most supporters of the service charge claim that the need for one is a direct result of government regulations.

ployment (FUTA) and Social Security (FICA) taxes on tips.

A service charge, they reason, will allow restaurateurs to put their front-of-the-house staff on a fixed salary—and hence avoid having to lock horns with the IRS over potentially inaccurate tip-earnings estimates.

LEGAL LIABILITIES. Len Allison, who implemented an 18% service charge last spring at his New York City restaurant Hubert's, complains that the new FICA legislation passed late last year has made him responsible "for something I had no information on. There was no way I could assess accurately what the tips were. It presented too many legal liabilities to allow me to continue with voluntary tipping."

O. Sigi Krauss, chef/owner of the Briarhurst Manor Inn in Colorado Springs, CO, added a 20% service charge in February because of the added bookkeeping responsibilities. "This is a small business, and I can't afford an accountant," he laments. "All of this government interference makes it so much more difficult just to operate my business. I don't seem to have time to do anything I want to do anymore."

And some restaurateurs don't think their tax law headaches will end here. "The problem is only going to grow because the federal deficit will push the IRS to get even stricter," says Jimmy Schmidt, co-owner of the Rattlesnake Club in Denver. "Eventually, waiters are going to be taxed like everyone else."

But at the same time, a growing number of operators argue that the real attraction of a service-charge system is its capacity for improving service—and for improving the industry's image as an employer. "The real issue here," explains Barry Wine, owner of the Quilted Giraffe in New York City, "is that a service charge allows us to raise the quality of service in a restaurant, and to raise table service to a professional status by paying our waiters a professional salary."

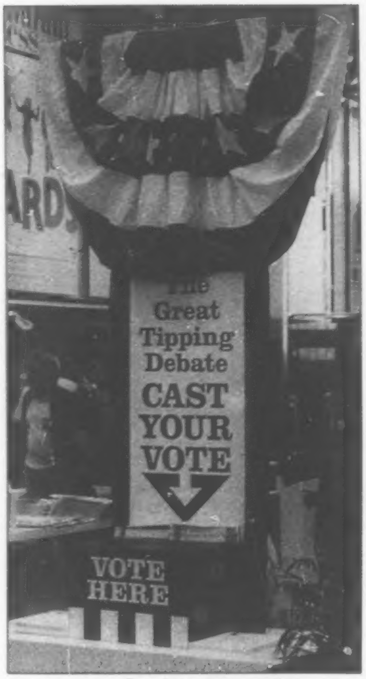
Whatever the reasoning, though, the suggestion that tipping be abolished in favor of a fixed service charge has sparked a heated debate throughout the industry. "I'm opposed to an automatic service charge," declares Richard May, president of specialty restaurants at Gilbert/Robinson in Kansas City, MO. "The guest still wants to have a choice, and I don't blame him. I do too."

May points out that his restaurants attempt to add a 15% service charge to checks for large parties, "and even that doesn't sit well with guests. A service charge will drive our customers away."

And, at least for the time being, May speaks for the majority of the industry. In a recent poll conducted by *Restaurant Business* magazine, approximately three-quarters of those restaurateurs who voted opposed a fixed service charge (see accompanying sidebar). In general, those restaurateurs fear that a service charge will aggravate both their service staff and their customers.

The handful of upscale operators who have switched over to a service charge claim that these fears are groundless. Nevertheless, in a poll published by the Gallup Organization last August, a slim majority—54%—of the 1,007 adults surveyed objected to paying a mandatory service charge in upscale restaurants.

Ted Balestreri, co-owner of The Sardine Factory in Monterey, CA, and former president of the National Restaurant Association, doesn't believe that Americans are ready for a service-charge system either—although he says that the new tax legislation may force him to implement one in the future. "I believe tipping is what the customer wants," he explains. "It's a personal thing between the customer and the waiter. And it also serves as an incentive for the waiter to work harder."



Restaurant Business recently conducted a straw poll of operators. Turn the page for results.

GOOD SERVICE, GOOD TIPS. Don O'Neill, owner of the Spring House restaurant in Pittsford, NY, says that he is also considering adding a service charge, despite the fact that he worries it will destroy his waiters' incentive. "If you give good service, you get good tips," he says.

Some opponents dismiss the well-documented success of restaurants that have been operating with a service charge for years—such as Bern's Steak House in Tampa, FL, and Michael's in Santa Monica, CA. Such upscale operations must be viewed simply as exceptions to the rule, they argue. "Those restaurants are in a special class," May says. "They appeal to one one-hundredth of the dining public. People who go to those restaurants don't care what it costs. They can get away with it."

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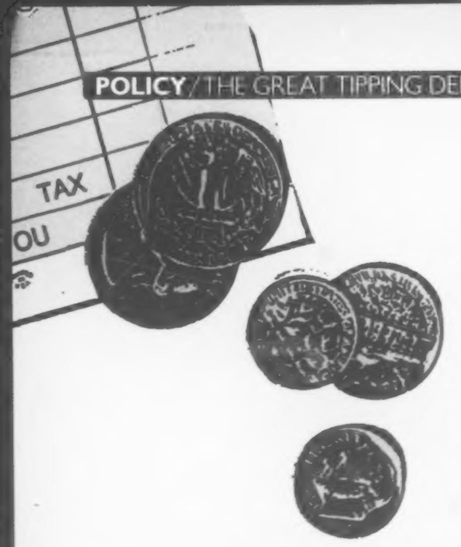

> **A growing number of operators say that the real attraction of a service charge is improving service.**

Barry Wine angrily contends, however, that any debate based on lack of server incentive, customer preferences, or a wealthy customer base is "just a smoke screen. Those are the arguments of people who want to continue allowing their waiters to avoid declaring their full income so the waiters' take-home pay is higher. Waiters' wages, in effect, are subsidized by tax evasion in that system. The restaurateur who makes those arguments fears that if his waiters had to pay all of their taxes, salaries would have to be increased to attract employees.

"The Quilted Giraffe is as expensive as it is in part because it and its employees declare all of their income," he adds.

But whatever the argument, those pioneering operators who have retired tipping in favor of a fixed service charge appear to be pleased with the new system—and, consequently, a growing number of their peers seem willing, at least for now, to give it some serious consideration.

Jimmy Schmidt, who co-owns The Rattlesnake Club in Denver with Michael McCarty, says that ever since they implemented a 17% service charge last November, he's been receiving calls every day from interested restaurateurs. "They all want to know how we did it, and how it's going," he explains.

MISGIVINGS. Schmidt recalls that, at first, he had some misgivings about the change. "I didn't know whether Denver would put up with a service charge or not," he says. "But Michael had been doing it since 1980 (at McCarty's other restaurant, Michael's in Santa Monica), and he knew it would work."

During the first couple of weeks, Schmidt noted a few complaints. But overall, he says, he was amazed at how well it worked. "Once the customers understand, they're very accepting of it."

Krauss agrees, saying that he has only received complaints "officially" from five customers—and in all cases, the complaints were warranted. "So we returned the money," he says. "You have to stay flexible."

The service charge has worked so well in Denver for Schmidt and McCarty, in fact, that they are also using it at their latest Rattlesnake Club in Detroit. Furthermore, they have plans to implement one in the yet-to-open Rattlesnake Club in Washington, DC.

Of course, Schmidt still occasionally receives a complaint at the Denver operation, despite the fact that the restaurant's tipping policy is printed quite clearly on the menu. "The first time a customer complains, we let him off," Schmidt explains. "We treat it the same way we would if it were a complaint about the food or the wine.

"But if it happens a second time—when they already know what our policy is—we're not as flexible," he adds.

But while Schmidt's customers have largely accepted the service charge, a few continue to question the fact that the service charge is subject to state sales tax. "I've heard a few people say that it's against the law," he says. "But I've attempted to explain it to them—and even offered to send them a copy of the law, if they leave their names and addresses."

Complaints about sales tax have not been restricted to the customers at the Rattlesnake Club. According to Len Allison, who implemented a service charge last March at Hubert's, a few customers have commented on the fact that the charge is subject to state tax. "They ask me whether it's my interpre-

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STRAW POLL RESULTS

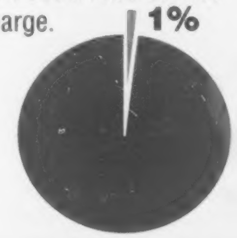
OPERATORS SPEAK OUT

For operators, the issue of voluntary tipping versus a mandatory service charge is a controversial one. Three hundred seventy-five foodservice operators and managers responded to a straw poll conducted by *Restaurant Business* during the National Restaurant Association's Annual Restaurant, Hotel-Motel Show, held in Chicago in late May. Reactions were mixed, and they tended to be strong.

Figure 1

THE SMALL MINORITY

Only a fraction of the country's operators now use a fixed service charge.



CHARTS BY SHARI FANG

"A service charge would make life easier, simpler, and more fair," responded one owner.

"A service charge would tend to take away servers' incentive to give good service," said another.

"It would only work if service charges were used industrywide," was the opinion of many respondents.

What is certain is that the usage of service charges in this country is in its infancy. Less than 1% of poll respondents said they currently use a service charge (see Figure 1), and those that do tend to operate at the upscale end of the price spectrum, or to have signifi-

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STRAW POLL RESULTS *cont.*

cant large-party business. Those operators who do use a service charge report that it falls within 15% to 20% of the check price.

But significantly more respondents told *RB* that they were open to the idea of a service charge, especially those representing more upscale establishments. In fact, 23% of all respondents and 32% of upscale-segment respondents indicated they were not opposed to a fixed service charge (see Figure 2). Moreover, 8% of all respondents and 17% of upscale-segment respondents said they planned to implement a fixed service charge.

Interestingly, independent and chain respondents were fundamentally united in their opinions on the issue; their responses did not vary significantly from each other on any of the questions. The real point of difference occurred with price point.

Not surprisingly, many operators would be more open to the idea of a service charge if a ground swell of support developed in the industry. Forty-two percent of all respondents indicated that they would consider adding a service charge if the majority of operators in their market did so; 54% of upscale-segment respondents felt that way. It seems that, in general, something like half of the poll respondents view the service-charge concept favorably—they just don't want to be the first ones on the bandwagon.

"This is a touchy situation," responded one executive who presently follows a voluntary tipping system but who is not opposed to a fixed service charge. "It could alienate the present staff, and initially customers would be offended, but they would soon accept (a service charge) if it was industrywide."

"The customer must be educated first," noted another executive.

Therein seems to lie the dilemma that the industry now faces: Many operators support the idea of a service charge but are loathe to blaze the trail.

Apparently, some of those respondents who are against the idea of a fixed service charge would change their minds if the rest of the industry did. In fact, a significant minority twenty-eight percent of those respondents who said they were opposed to a fixed service charge indicated that they would consider adopting one if the majority of the operators in their market did so (see Figure 3). Meanwhile, fully 86% of the respondents who said they were *not* opposed to a fixed service charge told *Restaurant Business* that they would go along with their peers if the majority of operators in the market started using a service charge.

Obviously, the industry as a whole has a long way to go before a service-charge system becomes the norm. Operators are concerned about alienating custom-

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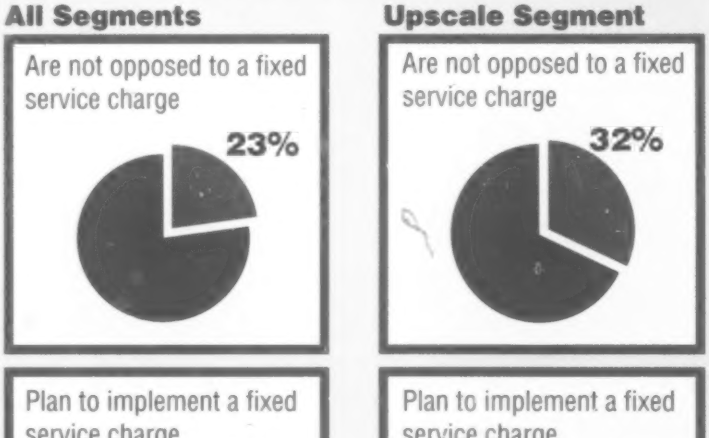
Figure 2

UPSCALE SEGMENT LEADS THE "CHARGE"

Operators of upscale restaurants are far more likely to support the idea of a service charge.



Opponents fear that a service charge would alienate both customers and service personnel.

tation of the law, and I try to explain the situation to them. It's a little controversial, but most people finally believe me."

Nevertheless, Allison insists that he is a happy convert. "I'm delighted to have made the change," he says, "and my employees see the reasonableness of it too. Now that they're salaried, they don't have to worry about whether business is bad one night. They don't think they're being hurt at all—and neither is their performance."

Having his waiters on salary has also helped create a sense of teamwork—not only among the waiters, but with the kitchen staff too. "I was unhappy with the relationship between the front and the back of the house," Allison explains. "The fact that the service staff didn't have to declare tips for taxes created some negative feelings. Now everyone is responding positively."

Barry Wine also emphasizes the importance of having a service staff that is on salary. "The atmosphere in the restaurant among employees has dramatically improved," he says. "The service charge has helped to eliminate all of the squabbling that stemmed from waiters operating as independent businesspeople. Now, they no longer fight over a shift or a table or customers. The service charge has resulted in a solid teamwork approach."

The service charge also sends a different signal to customers, Wine observes. "In an upscale restaurant, a service charge eliminates the idea that everyone has his or her palm out. And customers no longer have to wonder whether they left a big enough tip.

"It helps to further the impression that we're here to give the guest a wonderful experience," he adds.

Salaries and benefit programs vary from restaurant to restaurant. At the Quilted Giraffe, Wine starts his waiters at a base salary of $625 per week, while providing medical and dental benefits, as well as paid vacations and sick days.

Waiters can earn more than their base salaries, however. At the end of the week, all sales and service charges are totaled, and if they surpass a certain figure, waiters are given a bonus, according to a percentage determined by a person's seniority and other factors. "Everyone gets a guaranteed base salary," Wine says. "But they can certainly go beyond that, depending on how successful the restaurant is."

The starting salary for a back waiter at Hubert's is about $400 a week, while a front waiter makes about $600. And, as with the Quilted Giraffe, the service staff can earn bonuses if business rises above a certain volume. Additionally, Allison pays for all uniforms and their laundering. He is also examining various health plans for his employees.

The Rattlesnake Club—like Michael's in Santa Monica—pays waiters an hourly wage. A new employee who goes out on the floor as a busser starts at about $6 an hour, while an experienced waiter may be drawing an hourly wage of $12. All employees are reviewed on a monthly basis for increases and promotions. Servers' wages largely compare with those of the kitchen staff, Schmidt says. For example, a headwaiter earns about the same as the sous chef.

"It solves a lot of problems," Schmidt says, "and the incentive to work is still there; in fact, it's better than it was before we added the service charge. The team spirit has gone right through the roof."

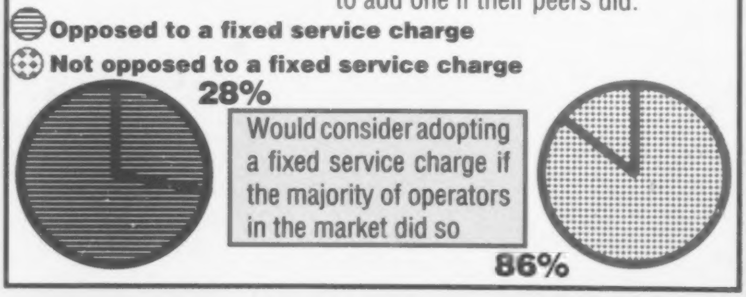
For information on the payroll and tax implications of recent legislation regarding tipped employees, please turn to "The Tax Bite" on page 98.

STRAW POLL RESULTS *cont.*

ers in a competitive environment that is already difficult, and they're concerned about attracting and retaining employees in a tight labor market. Whether or not service charges will be more widely adopted remains, at this point, to be seen.–Joan Lang

Watch for more coverage of this important issue in upcoming issues of Restaurant Business. The legal implications of the controversy will be explored by labor attorney Alfred T. DeMaria in the September 1 issue.

Figure 3 **PRO VS. CON** Operators even those opposed to the service charge, would be more likely to add one if their peers did.



TOP 10 GROWTH COMPANIES

Growth—sales and unit expansion—has never been easy, and that is especially true in today's competitive marketplace. For the larger chains, a certain rate of growth based on sheer momentum is to be expected. For smaller chains, lacking the marketing and real estate clout of the majors, maintaining a growth curve is all the more challenging.

Earlier this year, *Restaurant Business* asked Technomic Inc., a consulting firm based in Chicago, IL, to identify and rank the leading small- and medium-sized growth chains based on dollar growth, percentage increase in sales, and percentage growth in number of units. A total of 52 chains made the grade.

Shown at right are the Top 10 growth leaders. The following criteria were used to define "growth chains":

- Chains are included if they had a nominal growth rate of 10% or more in dollar sales from 1986 to 1987.
- Companies are included if 1987 U.S. systemwide sales were between $33 million and $300 million. Qualifying companies with distinct, separable chains are broken out further at the chain level (e.g., Bay Street is broken out from Pillsbury).
- Franchisees are excluded to prevent double-counting.
- "Chains" are defined as operations with 10 or more units, including concepts, like Restaurants Unlimited.

The growth curves pursued by these chains are as varied as the chains themselves, ranging from Olive Garden's strategy of converting failed and marginal restaurants, to Specialty Restaurants' portfolio of different concepts for different markets. Some companies, such as TCBY, pursue franchising aggressively, while other companies, such as Mrs. Fields, have grown through acquisition.

A complete analysis of the fastest growing small- and medium-sized chains, as identified by Technomic Inc., will appear in the September 1 issue of *Restaurant Business.*

RANKED BY SALES GROWTH

($000,000)

Rank	Chain (Parent)	1987 Sales	1986 Sales	Dollar Growth
1	Olive Garden (General Mills)	$130.7	$ 44.8	$85.9
2	Tony Roma's (Roma Corp.)	200.0	128.5	71.5
3	Chili's	226.1	154.7	71.4
4	Paragon Group	224.9	162.2	62.7
5	Ryan's Family Steak House	185.0	125.0	60.0
6	TCBY	121.2	71.1	50.1
7	Red Robin International	112.0	66.0	46.0
8	Mrs. Fields Cookies (Mrs. Fields)	110.0	65.0	45.0
9	Restaurants Unlimited	80.0	43.0	37.0
10	Specialty Restaurant Corp.	185.0	152.0	33.0

RANKED BY PERCENTAGE GROWTH IN SALES

($000,000)

Rank	Chain (Parent)	1987 Sales	1986 Sales	1986-1987 Growth
1	Olive Garden (General Mills)	$130.7	$ 44.8	191.55%
2	Le Peep Restaurants	24.4	10.5	132.38
3	Bay Street (Pillsbury)	31.0	13.7	126.56
4	Restaurants Unlimited	80.0	43.0	86.05
5	Old Country Buffet (Buffets Inc.)	47.8	27.0	76.89
6	TCBY	121.2	71.1	70.46
7	Red Robin International	112.0	66.0	69.70
8	Mrs. Fields Cookies (Mrs. Fields)	110.0	65.0	69.23
9	Tony Roma's (Roma Corp.)	200.0	128.5	55.64
10	Acapulco (Restaurant Assoc.)	65.9	43.7	50.80

RANKED BY PERCENTAGE GROWTH IN U.S. UNITS

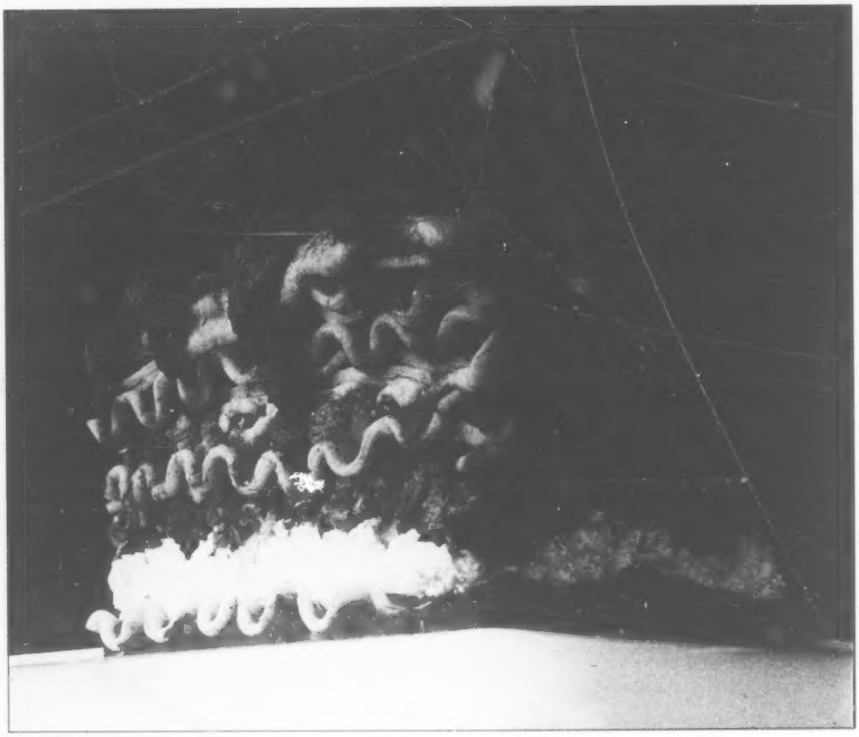
Rank	Chain (Parent)	1987	1986	1986-1987 Growth
1	Restaurants Unlimited	68	18	277.8%
2	Olive Garden (General Mills)	70	30	133.3
3	TCBY	822	458	79.5
4	Le Peep Restaurants	48	28	71.4
5	Bay Street (Pillsbury)	16	10	60.0
6	Old Country Buffet (Buffets Inc.)	36	23	56.5
7	Applebee's (Gourmet Systems)	53	36	47.2
8	Charlie Brown's (Restaurant Assoc.)	34	24	41.7
9	Ryan's Family Steak House	95	70	35.7
10	Sbarro	253	190	33.2

SOURCE: Technomic Inc. and Restaurant Business

MARKET SEGMENT REPORT

ITALIAN

Due to its popularity in this country, the cooking of Italy has had a pronounced influence on all levels of American foodservice.



Dallas-based Spaghetti Warehouse mostly features traditional southern Italian favorites. Dinner checks average $7.50.

BY PAUL FRUMKIN

The great American customer is fickle when it comes to dining out. Culinary trends seem to flare up and burn out at an alarming rate, and restaurateurs serving the hot new cuisine one day may find themselves out in the cold the next.

One of the more notable exceptions to that rule, however, is Italian food. Americans just can't seem to get enough. As a result, the cooking of Italy has a pronounced influence on all levels of the restaurant industry.

This widespread popularity is clearly reflected in the increasing number of Italian restaurants opening around the country. According to Restaurant Consulting Group, based in Evanston, IL, there were 5,142 Italian restaurants in the United States in 1987—a jump of more than 1,000 units from just two years earlier.

A PUSH FROM PASTA. Unquestionably, pasta products have helped to drive this growth. Called the "blue jeans of food" by Los Angeles restaurateur Piero Selvaggio, pasta goes well with anything—from high-fashion ingredients such as white truffles and squid ink to simpler accompaniments like sausage or cheese sauce.

"People are willing to experiment with pasta at an upscale level," says Larry D'Amico, co-owner of D'Amico Cucina in Minneapolis. "But, at the same time, it's still a comfort food."

And largely because of this versatility, pasta sales continue to climb in this country. According to the Arlington, VA-based National Pasta Association, per capita consumption is expected to top 17 pounds this year—an increase of 6% from the 1987 figure of 16.3 pounds. Those figures tend to be even

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At the 17 Grisanti's Casual Italian Restaurants, much of the menu, including prepared-from-scratch sauces, is prepared fresh daily.

In the past two years, the number of Italian restaurants increased by over 1,000 units.

more dramatic when compared with 1975 consumption of only about 11 pounds per person.

HEALTHY. At the same time, Americans concerned with their health are discovering that Italian food—once perceived as being fattening and relatively unhealthy—may constitute one of the more nutritious diets available. Recently, nutritionists have found evidence that the staples of southern Italian cooking—notably pasta, olive oil, onions, garlic, seafood, and leafy green vegetables—may help to reduce the rate of heart disease and cancer.

"The health aspects of pasta and Italian food continue to play well in restaurants," notes John Bierbusse, an investment analyst for A.G. Edwards & Sons in St. Louis.

And clearly, Italian food plays well from a business standpoint as well. While the Italian restaurant segment continues to be dominated by small independent restaurants, some chain players are moving rapidly to stake out a piece of the market.

At the chain level, the major players are Commack, NY-based Sbarro Inc.; OSF International in Portland, OR, which operates the Old Spaghetti Factory chain; General Mills' Olive Garden, based in Orlando, FL; Imasco Inc.'s Grisanti's, in Louisville, KY; Florenz, a subsidiary of the Lexington, KY-based Jerrico Inc.; the St. Louis-based Pasta House; and the Spaghetti Warehouse in Dallas.

"There's tremendous growth potential for chain players out there," says Samuel P. Nelson, vice president of Florenz restaurants. "It's where the Mexican segment was 10 years ago."

QUICK SERVICE. Sbarro Inc., a family-operated chain of cafeteria-style Italian restaurants, is by far the largest chain player in terms of units, with 275 company-owned and franchised stores. For the first quarter of 1988, total sales for Sbarro were $29 million, an increase of more than 35% over the same period last year. While real store sales for the period were up 2% to 3%, much of that increase was due to the opening of 70 new units. The chain has added 24 units already in 1988, and expansion plans call for the addition of another 40 to 50 stores within the year.

Sbarro's positioning sets it apart from the other chains in the segment. Its stores are located almost exclusively in shopping malls. At the same time, Sbarro's limited menu/self-service format offers customers large portions of pizza, pasta, and calzones for under $4 per person.

The number of selections on Sbarro's menu is determined by the size of the restaurant—some pared-down stores located in food courts offer only pizza and calzones. For the most part, though, the full menu includes four types of pizza ranging from $1.35 to $1.85 per slice; five pasta dishes—such as baked ziti, lasagna, and chicken parmigiana with spaghetti—from $2.99 to $3.99; four calzones for $2.79 each; and sandwiches, salads, and desserts.

According to Irwin Protter, Sbarro's director of marketing, pizza and pasta account for about 40% of sales each. Pasta dishes, which are based on family recipes, are cooked fresh on premise, as are the chain's three standard sauces: pizza, ragout, and marinara.

The chain, which began in 1959 as a small family-run Italian grocery store

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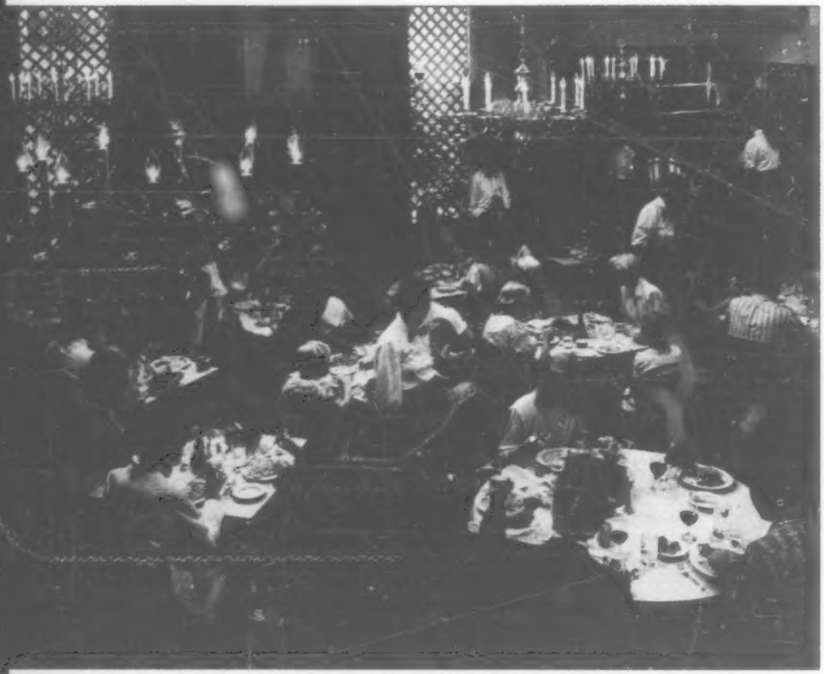

Jerrico Inc. tested several versions of its Italian concept, Florenz, before expanding. It opted for a down-scale, down-sized approach.

> **In America, Italian food runs the gamut from spaghetti and meatballs to risotto with wild mushrooms.**

in the Bensonhurst section of Brooklyn, today has restaurants in 40 states, as well as in the District of Columbia, Puerto Rico, and Canada. Franchisees include the Bethesda, MD-based Marriott Corp., which intends to open 20 Sbarros in its highly trafficked turnpike locations.

ADOPTION. Guss Dussin, the founder of the Old Spaghetti Factory, has said that he doesn't consider his chain an Italian concept. He sees it more as an "American restaurant serving pasta-based specials."

Although the menu offers a few meat selections such as beef tenderloin, sausage, and meatballs, pasta is the chain's mainstay. In fact, spaghetti accounts for more than 50% of OSF's sales. Consequently, food costs tend to be low, at 24% to 26% of sales.

Main dish items include spaghetti served with a choice of mushroom sauce, clam sauce, meat sauce, and browned butter and *mizitra* cheese. A full dinner can range anywhere from $3.85 to $6.50—generating a check average of $6.

The lunch menu, which is available at a limited number of restaurants, includes a pasta salad, sausage sandwich, and tenderloin steak sandwich.

Founded in Portland in 1969 by Dussin, the Old Spaghetti Factory is a privately held company operating 21 restaurants in 12 states. Sales for 1988 are expected to run about $40 million, an increase of $3 million over last year.

A typical Old Spaghetti Factory attracts an average of 5,000 customers each week, although the chain's busiest location in San Diego caters to volumes as high as 9,000 during the peak summer weeks.

Expansion plans for OSF call for the opening of two restaurants every year. OSF doesn't consider franchising an option as a method of expansion in the United States, although family members operate two franchised restaurants in Sacramento, CA. Additionally, there are three franchised restaurants in Japan and one in Germany.

MIDPRICE BATTLE. In the meantime, a full-scale battle is heating up in what has come to be known as the midprice Italian dinner-house segment. After years of eyeing the segment hungrily, a handful of chain players are finally beginning to make their moves.

Unquestionably, the leader of the pack—at least in terms of number of units and total sales—is Olive Garden. Owned by General Mills—which also owns and operates Red Lobster—Olive Garden currently runs 92 restaurants, a figure that has nearly doubled from only one year ago. Moreover, expansion plans call for the addition of another 50 units by next year, and a total of 175 nationwide by 1990.

The company strives to avoid the cookie-cutter image by converting existing restaurants rather than building from scratch. This conversion strategy has helped to keep expansion costs down—the average conversion costs anywhere from $1.2 million to $1.7 million. Buildings range in size from 6,500 sq. ft. to as large as 12,000 sq. ft., with seating running from 170 to 330. Average same-store sales are $2.5 million.

General Mills spent about two years researching the concept before opening the first Olive Garden in 1982, according to spokesperson Anne Powell. Both lunch and dinner menus include a wide range of northern and southern

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Per capita pasta consumption is expected to top 17 lbs. this year, a 6% increase over 1987.

Italian dishes—chosen to appeal to a broad cross-section of the market. All pastas are prepared fresh daily in a display area and are also sold retail, accounting for a small percentage of total sales.

A selection of 14 appetizers and soups includes mozzarella and zucchini ($3.45); seafood pizza ($4.75); pasta *e fagioli* ($2.50); and gazpacho *Italiano* ($2.50). The menu features nearly 30 main dishes such as veal piccata ($11.25); steak Tuscany ($11.75); and shrimp scampi ($11.25).

The lunch menu tends to be somewhat more casual, featuring such items as soups, pasta salads, and hot or cold sandwiches, all priced under $5. Breakfast is also in test in a few units. The average per-person check runs about $8.

EXPANSION. Imasco USA, parent company of Hardee's Food Systems Inc., is also moving gradually into the Italian segment through its wholly owned subsidiary, Grisanti's Casual Italian Restaurants. With 17 restaurants open, Grisanti's is also following a policy of converting existing restaurants. To that end, the chain purchased 19 Casa Lupita restaurants—located primarily in the mid-Atlantic states, the Midwest, and Florida—last year from Ponderosa. According to founder and CEO Michael Grisanti, all Casa Lupitas are expected to be converted by the end of 1989.

Critics often compare Olive Garden's rapid expansion with the much slower pace of Grisanti's. Grisanti, however, has repeatedly emphasized that expansion is less important than maintaining quality. "We will grow as rapidly as we can based on ability to find quality sites and to find quality people," he says.

Grisanti, who also operates two fine-dining restaurants in Louisville, KY—Sixth Avenue and Casa Grisanti—took his time to develop the Grisanti's concept. He opened his first midprice casual Italian restaurant, Mamma Grisanti's, in Louisville in 1976, and experimented for seven years before opening a second in 1983. Explains Grisanti, "We could have grown based on

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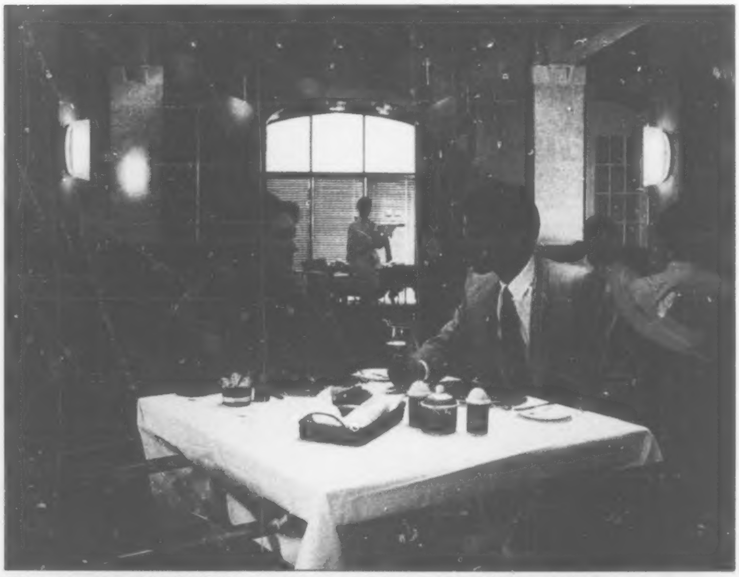
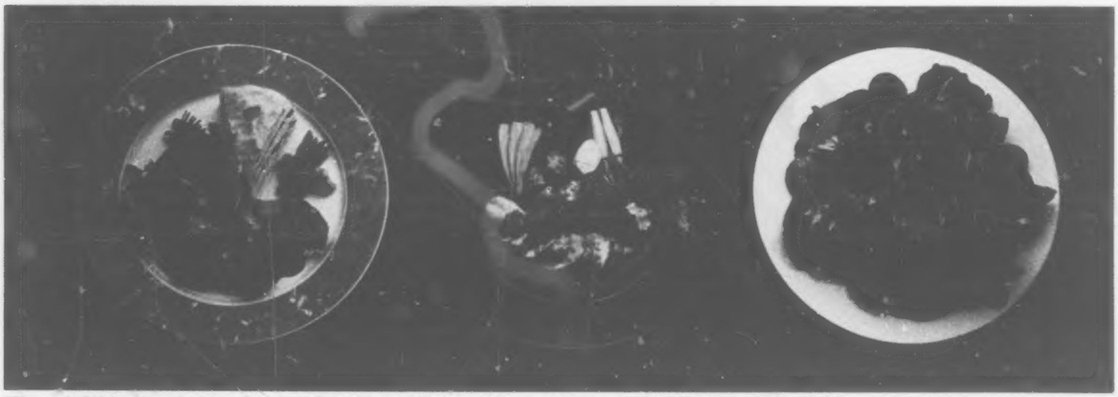


The nine-month-old D'Amico Cucina in Minneapolis seats 150.



Though D'Amico Cucina's cooking uses traditional ingredients and techniques, the dishes are contemporary.

The segment is dominated by independents, but some chain players are staking out a piece of the market.

internally generated profit, but very slowly." As a result, Grisanti merged with Imasco in 1983.

While the Grisanti's target audience is predominantly 20- to 45-year-old white-collar professionals, the restaurant is geared toward children and senior citizens as well.

Much of the menu is prepared fresh daily. All filled pastas—such as cannelloni, ravioli, and manicotti—are made fresh in a display area and retailed in a special section of the restaurant. Sauces are also prepared from scratch.

Grisanti's features 13 appetizers, soups, and salads, and a wide variety of entree selections, including 12 pasta-based dishes, six chicken dishes, two vegetable dishes, five veal and beef dishes, and four seafood dishes. Individual items include chicken *saltimbocca* ($8.50); linguine *primavera* ($6.95); veal Marsala ($10.95); seafood linguine ($9.50); and scallops *Romani* ($8.95). All entrees are served with salad, warm Tuscan-style garlic bread, fresh vegetables, and potato *baci*. An average dinner check ranges from $10 to $12 per person.

The lunch menu offers a lighter array of appetizers, soups, salads, sandwiches, and hot dishes ranging in price from $2.25 to $4.95. A quick-service "Express-O Lunch" is also offered.

MARKET RESEARCH. A third major restaurant chain making a bid for a piece of the Italian segment is Jerrico Inc.—parent of Long John Silver—with its Florenz concept. The first Florenz restaurant was opened in Cincinnati in July 1986, and since then three more units have opened in Aurora, IL, and Louisville and Lexington, KY. Each restaurant varied slightly from the other, allowing Jerrico to test the different ideas.

"After opening the first four, we sat

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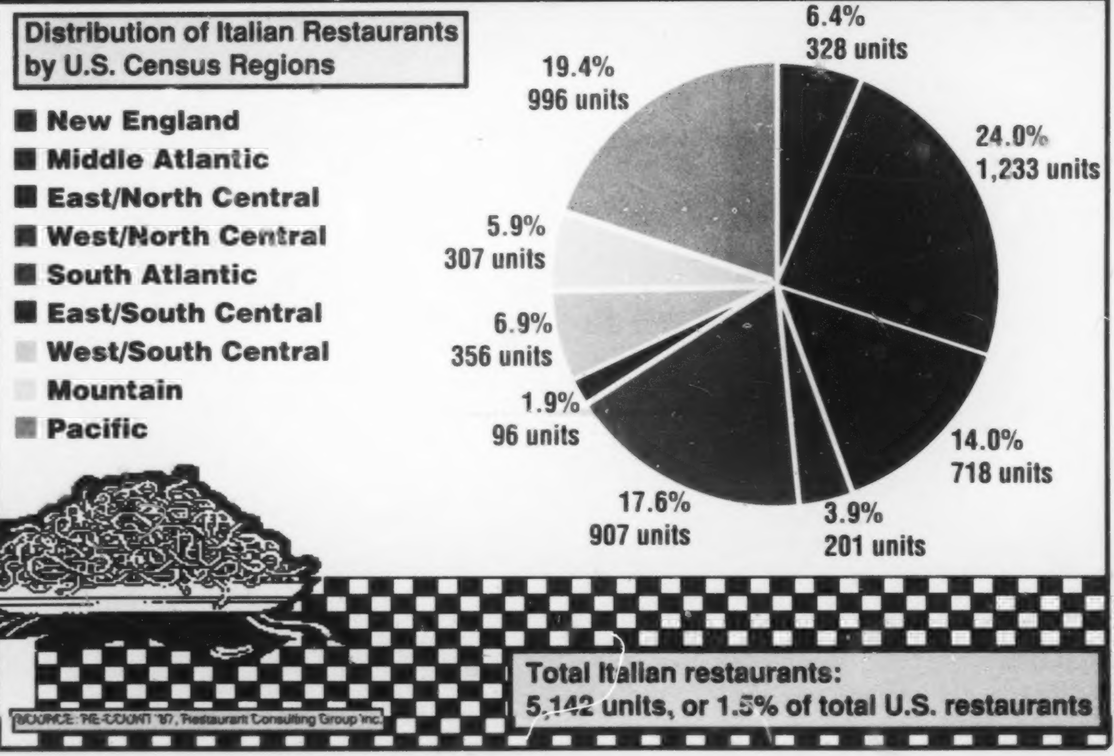
EAST COAST HAS TASTE FOR ITALIAN

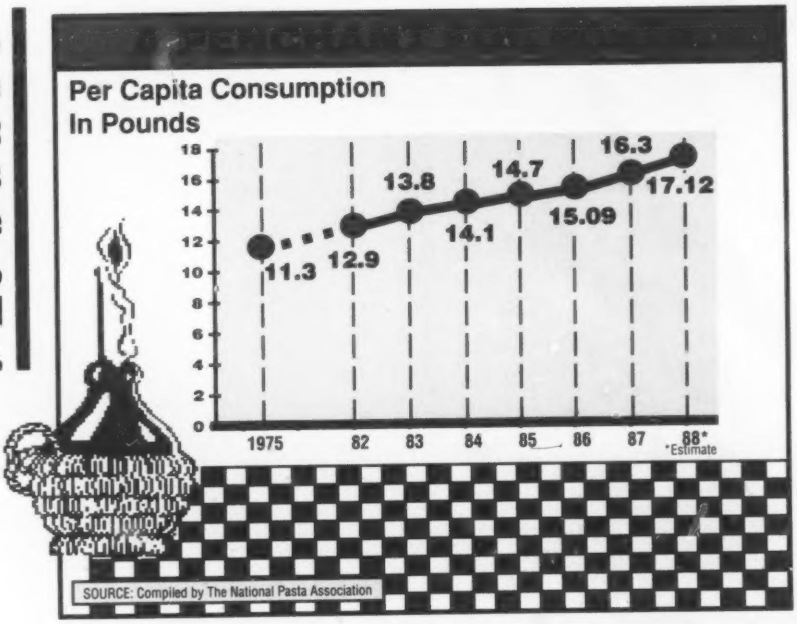


Total Italian restaurants: 5,142 units, or 1.5% of total U.S. restaurants

SOURCE: RE-COUNT '87, Restaurant Consulting Group Inc.

CHARTS BY SHARI FANG

Retaurateurs offer more authentic regional dishes to capture sophisticated, well-traveled customers.



SOURCE: Compiled by The National Pasta Association

back to study the restaurants and do some research," explains Samuel P. Nelson, vice president of Florenz. "Now we're beginning to expand."

Three more restaurants are scheduled to open later this year in Charlotte, NC, Duluth, GA, and Mt. Prospect, IL, and the company expects to open four more during the first half of 1989.

Florenz has modified the appearance of its menu, aiming for a slightly more casual approach. The new menu is printed on heavy stock paper, with each selection presented almost as if it had been lettered by hand. All sauces are listed at the bottom of the menu, followed by short descriptions and key ingredients.

[illegible] decided to downsize the Florenz units slightly. Where the original restaurants average about 10,000 sq. ft., the next three sites will run from 7,500 to 8,000 sq. ft. Seating will also decrease from an average of 235 to 200.

The menu features a dozen appetizers and soups and nearly 30 main dishes, including linguini with clam sauce ($7.95); *osso buco* ($9.50); strip steak ($11.95); Italian sausage and chicken ($7.50); and charbroiled halibut with marinara sauce ($8.95). Entrees are served with unlimited helpings of salad and freshly baked breadsticks.

A smaller, more casual lunch menu includes a selection of appetizers, soups, salads, sandwiches, pastas, and hot dishes. Florenz is also testing an express lunch that guarantees the entree will be served within 15 minutes of

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The Old Spaghetti Factory is an "American restaurant serving pasta specials."

Sbarro Inc., a chain of cafeteria-style restaurants, is by far the largest player in the Italian segment numerically, with 275 units.

In major cities, fine-dining restaurants have opened that specialize in the foods of various regions of Italy.

its being ordered. The average per-person check at lunch runs from $5.50 to $6, while the average dinner tab is $8.50 to $9.50.

Expansion plans call for about 200 Florenz restaurants to be built. Nelson feels that the Italian dinner-house chains are not really competing against one another, but against the well-entrenched independent operators. "But there's certainly room for several players in this segment," Nelson says.

Not everyone, however, agrees with that observation. Kim Tucci, president and co-owner of the 14-year-old Pasta House Company, notes that "things are becoming tight. The segment is closing up."

COMPETITION. In fact, Pasta House recently shuttered two restaurants in Florida—Olive Garden's home state. "Florida wasn't a good move," Tucci says. "Both restaurants were in strip centers, and we just couldn't make an impact against Olive Garden."

Instead, the 21-unit Pasta House is opening a new, larger prototype unit in St. Louis this summer. The new restaurant will be about 8,000 sq. ft. and will seat 240; Pasta House restaurants are traditionally only about 5,000 sq. ft. and accommodate 150 guests. Tucci expects the larger format will boost same-store sales from an average of $1 million to as high as $2 million. Following the completion of the prototype, all existing units—the majority of which are located in the St. Louis area—will be remodeled to the new design.

The company is also investigating opening new stores in the Washington, DC, area, Chicago, and Arizona.

Pasta House's menu includes 12 appetizers, soups, and salads, as well as nearly 40 main dishes and pastas such as chicken *oreganato* ($9.95); tenderloin Marsala ($13.95); and shrimp *Garanzini* ($9.95). Most pasta dishes, which comprise the majority of the main dish selections, are available in two sizes. Pizza and sandwiches are also on the menu. The average per-person lunch check totals $6, while dinner runs about $8 per person. Dinner accounts for about two-thirds of sales.

Although Pasta House grossed about $25 million in 1987, Tucci believes the company would be expanding far more quickly if it had financial muscle behind it. Last fall, Pillsbury came close to purchasing Pasta House, but backed out at the last minute. And, says Tucci, "We're still looking for a buyout."

The Spaghetti Warehouse, founded in 1972, operates 12 restaurants and expects to open two each year for at least the next five years. And since opening its first restaurant in Dallas 16 years ago, the company has watched its sales of Italian food skyrocket. The original Dallas unit grossed about $100,000 in its first year with a menu of predominantly southern Italian dishes. This year, sales at that restaurant, offering largely the same menu, are expected to surpass $4.5 million.

The average Spaghetti Warehouse tends to be larger in size than its competitors. Located in downtown areas, the restaurants average between 13,000 sq. ft. and 14,000 sq. ft., and seat anywhere from 350 to 400 customers. Average same-store sales run slightly below $2 million, and revenues should surpass $21 million in 1988.

The Spaghetti Warehouse also pre-

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General Mills' Olive Garden concept offers a broad range of southern and northern Italian dishes. Pastas are prepared fresh daily in a display area.

fers to convert existing buildings rather than pursue costly new construction. For that reason, restaurant decor and design vary from location to location. A prototype for new construction was built in the Atlanta suburb of Marietta, GA, however, and is under test for future expansion plans. This year, it is expected to gross in excess of $2 million in sales.

The Spaghetti Warehouse offers a few non-Italian dishes like chili, but spaghetti is quite obviously the main attraction. Eleven accompaniments for spaghetti are listed, such as meatballs in tomato sauce, clam sauce, and garlic-butter sauce. Spaghetti dishes range in price from $3.40 to $4.95. Other main dishes include veal parmigiana ($7.95) and Italian sausage ($5.75). The average per person check at lunch is $5; at dinner, $7.50.

COSMOPOLITAN. Growth and change have been no less dynamic at the upscale Italian restaurant level. Encouraged by sophisticated, well-traveled customers who are seeking to broaden their culinary experiences, many restaurateurs are attempting to offer more authentic Italian dishes.

Piero Selvaggio, owner and operator of Valentino and Primi, two highly innovative Italian restaurants in Los Angeles, has observed—and contributed to—the evolution of Italian cooking in this country.

"Pizza and pasta have become staples of our diet," he observes. "But that is only scratching the surface. From there we've begun to move on to more complex dishes, such as *risotto* and *polenta*." For the future, Selvaggio sees the increasing use of fine olive oils, Italian vegetables, and healthier cooking techniques such as grilling, poaching, and steaming. At the same time, he anticipates a return to older, more commonplace ingredients and dishes—but ones that will be viewed in a more contemporary light.

At his 3½-year-old Primi, Selvaggio has begun to offer complete meals featuring these "revisited classics." For example, one complete meal, which offers 10 small tastings for $18 to $20 per person, might include a fish *bracciole* preparation—but one that has been updated. In this instance, a thinly sliced tuna steak is rolled and stuffed with asparagus and scallops, sautéed, then sliced in small medallions and served with sun-dried tomatoes. Selvaggio says that his customers are responding well to Primi's new approach.

In Minneapolis, customers are also responding well to the nine-month-old D'Amico Cucina, according to co-owner Larry D'Amico. D'Amico, who owns and operates the restaurant with his brother, Richard, and Steve Davidson, says that D'Amico Cucina's contemporary approach to Italian dishes and ingredients has generally proved to be successful with both customers and critics. During the month of May, the 150-seat restaurant averaged 100 covers on weekdays and 250 on weekends.

EVOLUTION. While D'Amico Cucina's style of cooking utilizes traditional ingredients and techniques, the dishes tend to be quite contemporary. "The food has evolved," D'Amico says. "We look for a mixture of the traditional and the modern. But we generally cook more by instinct than formula."

Selections include fettucine with goat marscapone, asparagus, and shallots ($7.50); snapper wrapped in egg-

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The popularity of Italian cuisine has been greatly enhanced by a recent perception of healthiness.

Spaghetti Warehouse's prototype unit in the Atlanta suburb of Marietta is expected to gross over $2 million in sales this year.

The Italian segment holds the same growth potential that Mexican food did a decade ago.

plant and served with an eggplant-tomato sauce ($16); pan-fried pork loin with Gorgonzola sauce ($14.50); and arugula with strawberries and black pepper ($6.50). The average per-person check is $18 for lunch, $37 at dinner.

REGIONAL SPECIALIZATION. The demand for a more authentic dining experience at the upscale level has also given rise to segmentation within the Italian restaurant market. In major cities, numerous fine-dining restaurants have opened recently specializing in the foods of a single region of Italy. At the same time, some operators are introducing Americans to the traditional dining styles of Italy.

In New York City, restaurateur Tony May now operates four Italian restaurants—all of them showcasing a different, more personalized aspect of Italian cuisine. La Camelia has the sleek feel of a luxurious Northern Italian restaurant, whereas Sandro's showcases the earthier style of chef and co-owner Sandro Fioriti. The recently opened Palio features the modern and inventive cooking of chef Andrea da Merano. And with the opening of San Domenico, May has now brought *alta cucina*—the cuisine of Italy's aristocracy—to New York.

On the West Coast, San Francisco-based Spectrum Foods Inc., owned by American Restaurant Group, also operates a group of Italian restaurants that vary widely in their atmosphere and menus. The 69-seat Ristorante Chianti in Los Angeles—open since 1938—is an award-winning northern Italian restaurant that offers a variety of homemade pastas and *risotto*, spit-roasted meats and fowl, and grilled fish. Main dishes range in price from $9.50 for *pennette* with garlic, olive oil, and tomato sauce, to $18.75 for a charcoal-grilled loin chop.

Adjacent to Chianti is Chianti Cucina, a bright and noisy 62-seat trattoria, which features a small but daily-changing menu. Selections from Chianti Cucina's menu are slightly less expensive—main dishes range from $11 to $15—and include such dishes as wild boar sausage with polenta and grilled sea bass with sautéed spinach and tomato.

A second northern Italian restaurant concept operated by Spectrum Foods is Prego. Between 1981 and 1986, the company opened three Pregos in California—in San Francisco, Beverly Hills, and Irvine. The trattoria-style concept features Italian pizza bread baked in an oak-burning brick oven, charcoal-grilled fish, and spit-roasted meats and fowl. The restaurants range in size from 115 to 150 seats; the Irvine restaurant includes outdoor seating for 75. Prices and selections vary, but for the most part main dishes range from $8.25 to $16.95.

In general, though, Spectrum Foods' Italian concepts tend to be casual and contemporary. Ciao!, an 85-seat Milanese-style trattoria, opened in 1979 in San Francisco. Since then, Spectrum has also opened Harry's Bar and American Grill (fashioned after the famous Harry's Bar in Florence), Spiedini, Spuntino, and Tutto Bene—all in San Francisco. Spectrum also operates a Harry's Bar in Los Angeles.

But whichever segment one chooses to examine, it is quite apparent that Italian food has leapfrogged over much of the competition into the culinary vanguard. Moreover, it is equally obvious that the clichéd, red-checkered-tablecloth operations are on the wane, supplanted by a new, more exciting style of Italian restaurant in touch with tradition and trends.

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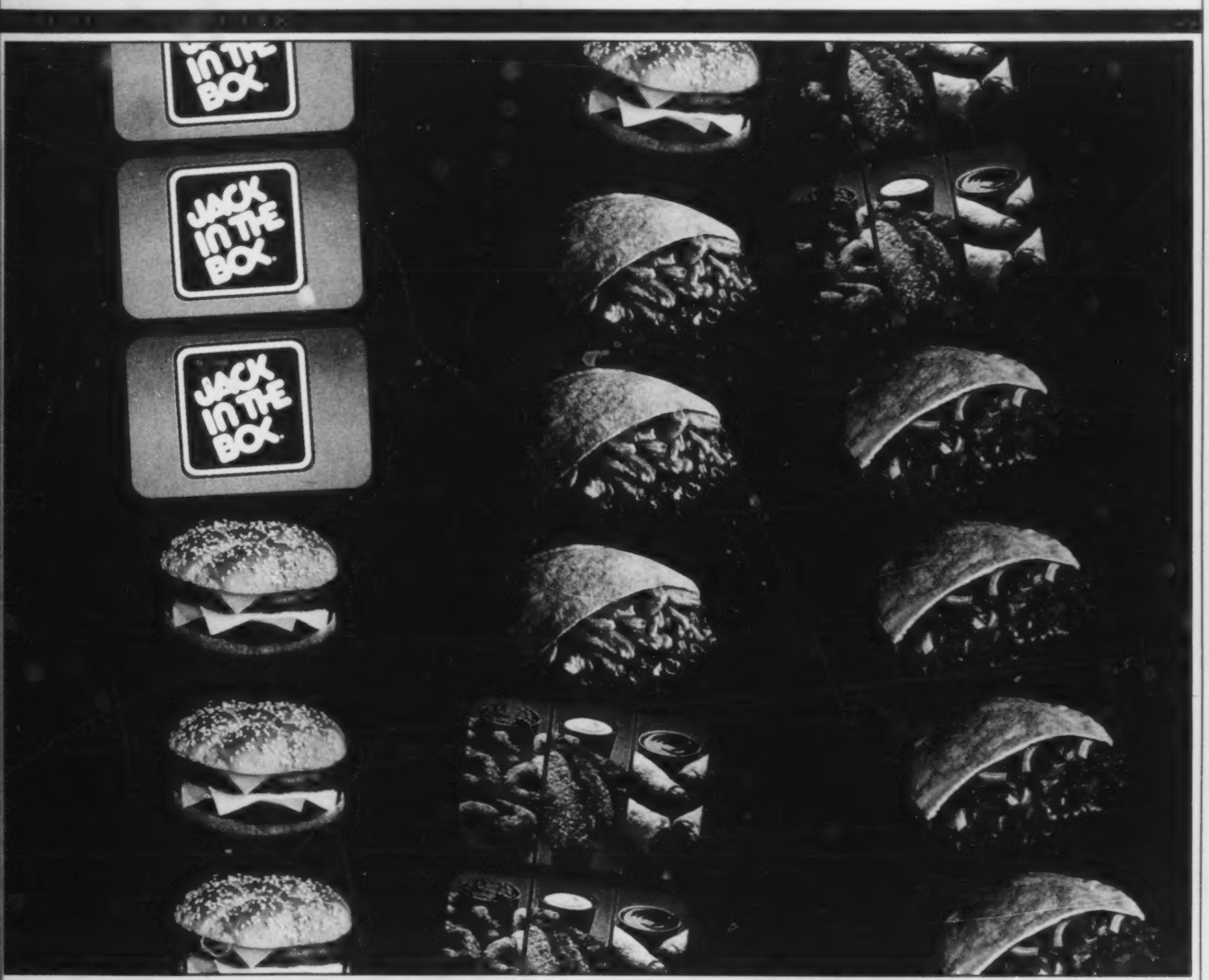

JACK IN THE BOX
JACK IN THE BOX
JACK IN THE BOX

CALIFORNIA CHAIN CASTS MENU STARS

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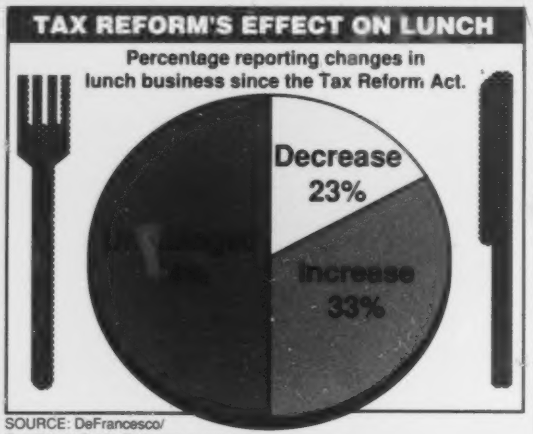
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

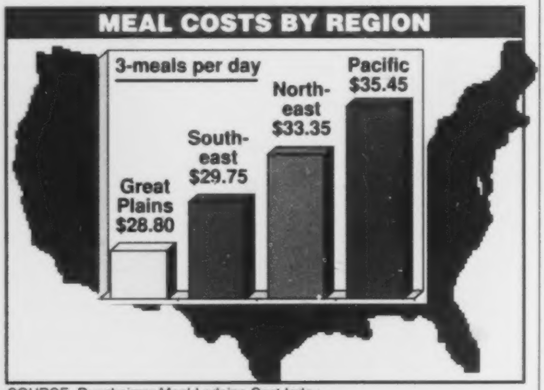
By Howard Riell



SOURCE: DeFrancesco/Goodfriend Public Relations survey

Luncheon Diners Remain Untaxed

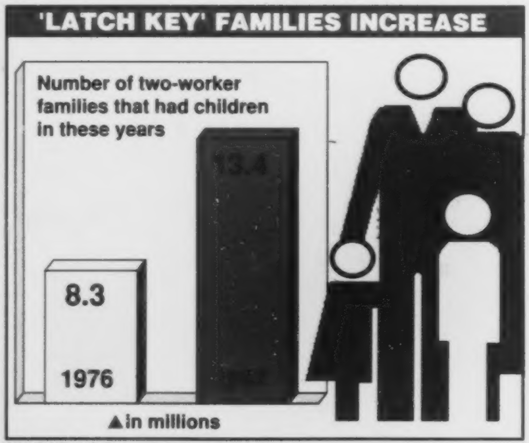
Were fears that business-meal trade would suffer under the Tax Reform Act of 1986 unfounded? The answer is no—but they apparently were exaggerated. A full 77% of operators responding to a DeFrancesco/Goodfriend survey conducted at the National Restaurant Association show said lunch business has either increased or stayed the same in the year and a half since the act's inception, which curtailed business meal deductions by 20%. The average volume increase reported is 14%. The 23% who reported a decrease averaged a 16.4% drop-off.



SOURCE: Runzheimer Meal-Lodging Cost Index

Great Plains For Great Prices

The Great Plains states—Iowa, Minnesota, Nebraska, North Dakota, and South Dakota—can feed travelers three squares a day cheaper than any other region of the U.S., according to the Runzheimer Meal-Lodging Cost Index. The Northeast and Pacific states were the most expensive. Operators who are also aggressive marketers may take note of several of Runzheimer's money-saving tips to travelers. Among them: Eat in the suburbs rather than the city and use restaurants outside your hotel.



SOURCE: U.S. Dept. of Commerce

More Families Needing More Foodservice

Last year, there were 5.1 million more children born to families in which both parents work than in 1976. Such families are a relatively recent demographic category whose growth shows no sign of abating. The category is also, of course, a vital ingredient of the convenience trend sweeping all segments of the foodservice industry. Such families have no time to cook, hungry little mouths to feed, and a taste for the ease, speed, and relative price/value of take-out and delivery food. More than 1.9 million of the two-worker-with-kids families are composed of two college-educated parents.

CHARTS DESIGNED BY SHARI FANG

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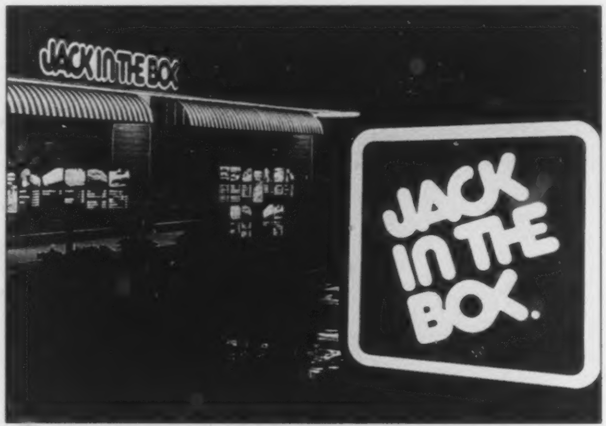

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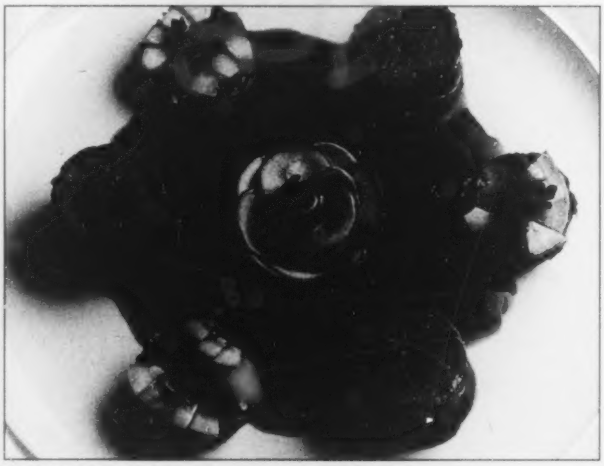

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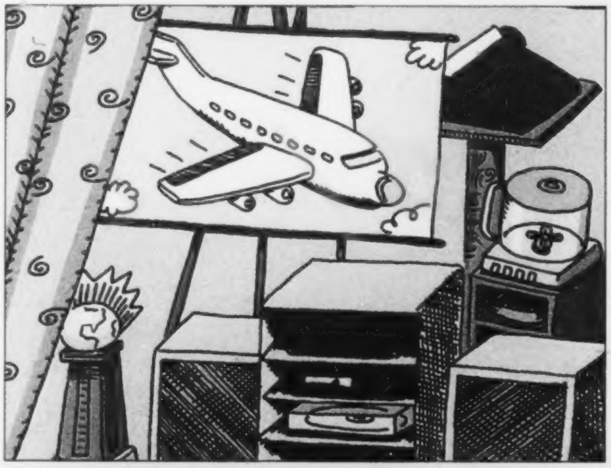

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MARKET SEGMENT REPORT

BBQ/COUNTRY COOKIN'

Barbecued ribs and country-style cooking are showing up on more and more mainstream menus.

BY JACQUE KOCHAK

Both barbecue and country cooking share roots tangled in the history of the American South. Their popularity is enduring and assured in the regions of their birth, yet so far few chains specializing in these styles of cooking have been able to exploit their appeal and take either barbecue or country cooking much beyond those areas. What has happened, however, is that both barbecued ribs and country-style cooking are showing up on more and more mainstream menus.

"All different types of places are serving dishes like country-fried steak," says Andy Revella, executive chef for Dallas-based Bennigan's, which recently rolled out a "Country Cookin" menu. The section includes country-fried chicken priced at $6.45, country-fried steak priced at $6.95, and catfish fingers priced at $6.75.

The National Rib Cook-off takes place every spring in Cleveland, and this year attracted some 200,000 people to sample the ribs from 40 restaurants around the country and as far

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Jacque Kochak is a freelance writer who specializes in foodservice. She is based in White Plains, NY.

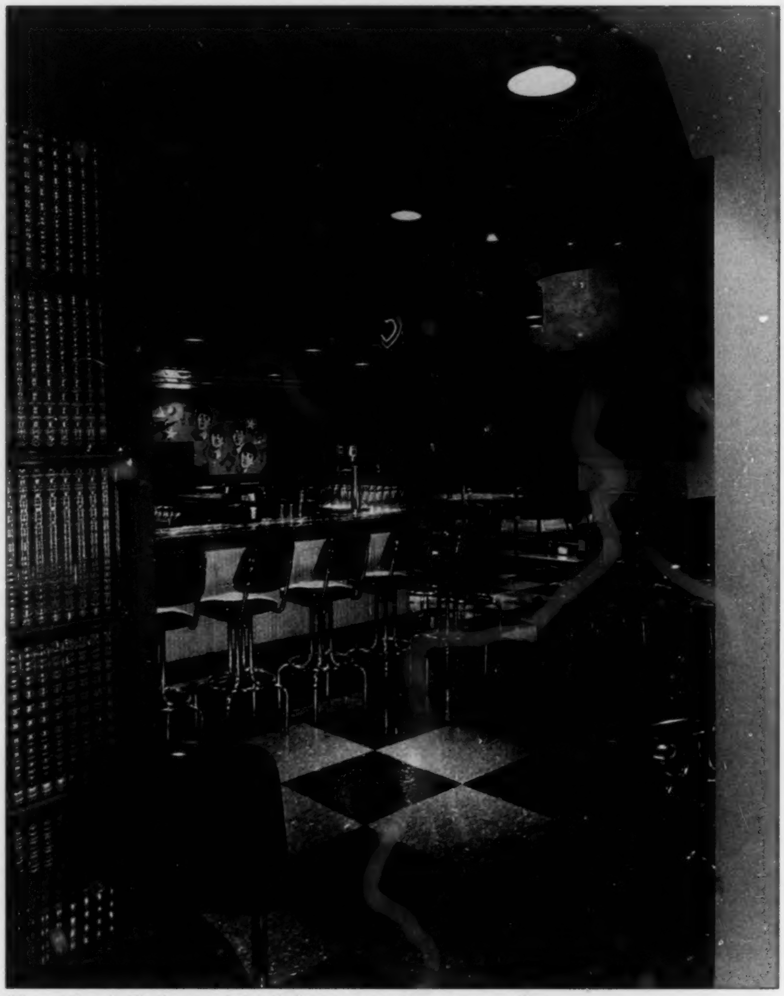
Ribby's Express Barbecue features hickory-smoked barbecued ribs and sandwiches prepared in an authentic wood-burning smoker.

Barbecue and country cooking are still very much the province of independent operators.

away as Australia. Gary Jacobs, president of the National Rib Cook-Off, says, "Between 1982 and 1986 I saw an explosion in the segment, with barbecue shacks opening everywhere and a lot of restaurants putting ribs on their menu." He believes that the appetite for barbecue will continue to grow.

MANY INDEPENDENTS. Barbecue and country cooking are still very much the province of independents. Carson's in Chicago is a barbecue legend. Minneapolis' upscale Rudolph's gets raves for ribs. And then there are the long-time barbecue specialists, the places that may be short on atmosphere but are long on good food, and plenty of it.

Sonny Bryan's in Dallas and The Goode Co. in Houston have their loyal followings. Bessenger's in Columbia, SC, and the Lexington BBQ in Lexington, NC, serve up their own regional style of barbecue. The Swingin' Door is well known in Richmond, TX, and Southwest in Houston turns out pecan-wood-smoked ribs.



Heartthrob Cafes, a nightclub concept, focuses on ribs.

There are those who swear that Arthur Bryant's in Kansas City smokes the best barbecue in the country, and the Hickory Log in tiny Dexter, MO, draws customers from as far away as St. Louis and Memphis.

The independents are so strong that until recently there has been no serious attempt to expand a barbecue concept on a chain basis. That is slowly changing as new technology makes the barbecue process faster and less labor-intensive. It also requires less skill.

RIB CHAIN. Dallas-based USACafes, franchisor of some 600 Bonanza Family Restaurants, is banking on the popularity of ribs, and at the same time trying to exploit the growing popularity of take-out convenience with its Ribby's Express Barbecue concept.

Two Ribby's opened last year in Dallas, and a third store opened earlier this year in Chicago. A fourth store was under construction at press time. According to USACafes president Jeff Rogers, Ribby's will open in Kansas City, San Diego, and Sacramento.

Ribby's features hickory-smoked barbecue beef and pork ribs, barbecued ribs, and sandwiches prepared in an authentic wood-burning barbecue smoker. Sandwiches include Ribby's "Rib-B-Cue," beef brisket, smoked ham, a combo, and a chicken sandwich.

In designing the menu, USACafes took regional preferences into consideration. For example, several different recipes for beans, coleslaw, chopped and shredded pork sandwiches, and barbecue sauces are available to franchisees. Baby back ribs can be added to the menu if desired.

Prices are reasonable; four-rib dinners cost $4.99, six ribs are $6.59, and a family pack serving three to four people is $15.99. Dinners include beans, coleslaw, and dinner rolls. A whole chicken costs $6.99, and a pound of beef brisket also sells for $6.99. A small smoked ham sandwich costs $1.99, and a regular smoked ham sandwich costs $2.99. The Rib-B-Cue, which

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is chopped barbecued pork with spices, is priced at $2.79.

CONVENIENCE. Ribby's offers no inside seating. All service is drive-thru or via delivery. In fact, delivery service, modeled on Domino's Pizza, is a crucial part of the operation. Right now, delivery generates about 30% of sales, but that continues to grow. Target is 40% of sales from delivery. Average delivery check at lunch is $10 to $12, and $14 to $18 at dinner. As many as 25% of drive-thru orders command a high check as well, says Rogers. For that reason, Ribby's accepts credit cards.

Franchising will be strictly on a territorial basis, so that market penetration can be achieved quickly. Ribby's gives USACafes' area developers a vehicle for expansion in markets with no room for more Bonanzas.

The Ribby's building is prefabricated and costs about $140,000 to construct, about one-sixth the price of a typical Bonanza restaurant. The 434-sq.-ft. kiosk offers two drive-thru windows and one walk-up window and serves a neighborhood delivery market within eight minutes' driving time.

TRADITIONAL CHAIN. Gainesville, FL-based Sonny's Bar-B-Q was the first of the truly traditional "barbecue barns" to become a chain presence. The company continues its march out of its home state, with 76 franchised units in the Southeast. Another seven units will open this year. Florida is still the company's citadel, however; 55 of the company's 76 units are located there.

Total systemwide sales for Sonny's in 1987 reached about $68 million, with average unit volumes of $900,000. According to Bill Arnold, the company's director of franchise development, sales have been up every year since the chain was founded 20 years ago, except for a brief period in the late '70s.

Sonny's units have a country-and-western decor and wooden benches. Exteriors carry out the down-home feel with shutters and pillars.

Sonny's style of barbecue seems to be acceptable in many parts of the South, despite regional differences. The restaurants use pork, beef, and chicken, and the barbecued meat is sliced rather than chopped. The sauce is tomato-based.

"Regional tastes have been a little bit of a handicap, especially in the Carolinas," says Arnold. "But we advertise quality and value. We don't ask customers to give up their local style of barbecue. We can share the market." For a couple of the units opened outside of Florida, the first year or so of operation was difficult, Arnold notes. But Sonny's consistently high-quality food at a good price (average check is $10) turned customers around.

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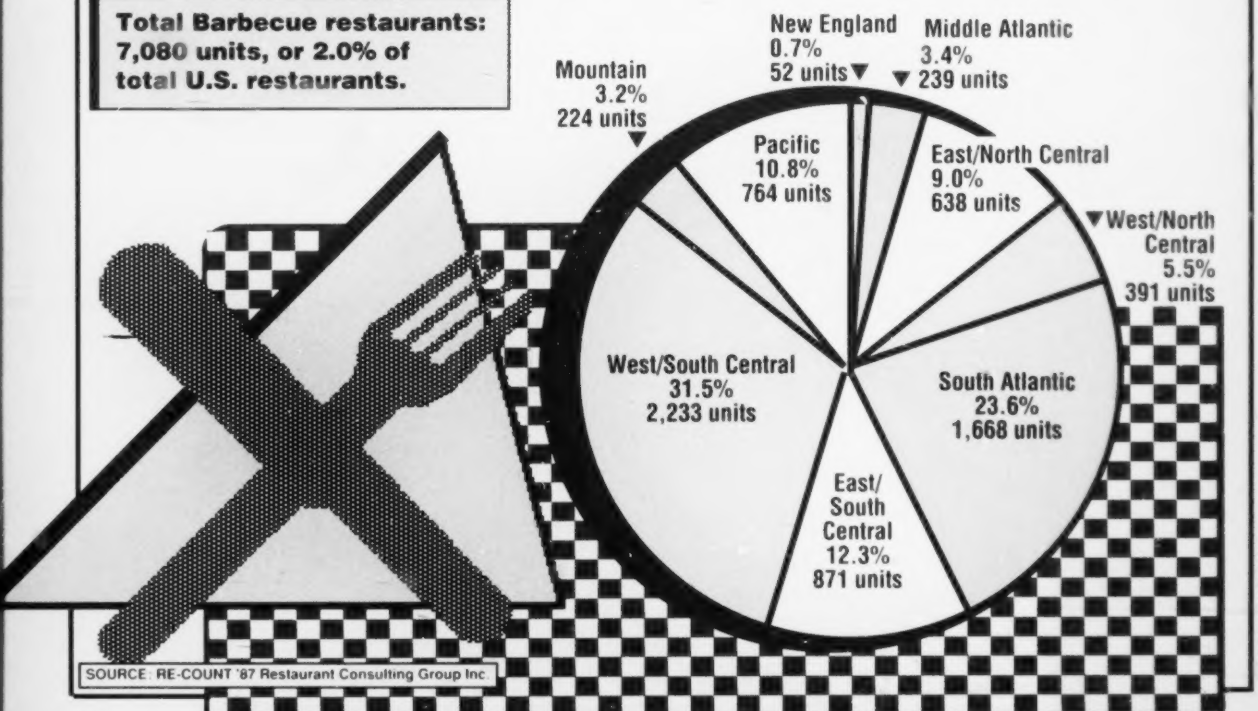
SOUTH LICKS CHOPS OVER RIBS

Distribution of Barbecue Restaurants by U.S. Census Regions

Total Barbecue restaurants: 7,080 units, or 2.0% of total U.S. restaurants.



SOURCE: RE-COUNT '87 Restaurant Consulting Group Inc.

CHART BY SHARI FANG

Regional preferences for barbecue make it difficult for chains to expand.

Another Florida-based barbecue chain is Fat Boy Bar-B-Q, with headquarters in Cocoa. The company now has 41 units (all but two are franchised), primarily located in Florida, with some scattered in Ohio and the Bahamas. The company is in the process of negotiating a multi-unit franchising contract in St. Louis, and is discussing franchising with a group in Pennsylvania.

QUICK BBQ. Of particular interest is Fat Boy's new fast-food concept. One unit is open in Bloomfield, OH (just south of Columbus), and one is in Port Charlotte, FL, near Ft. Myers. The fast-food units do business under the same name and offer the same barbecue menu as full-service units, but such items as steaks and seafood have been eliminated. The fast-food units seat 64, compared to 167 for a full-service unit, and can be built for about 85% of the cost of a full-service unit, says Jay Bradley, Fat Boy's executive vice president.

Both units are so new that no sales projections have been determined, although the Port Charlotte store grossed $6,800 on its first day, says Bradley. About 50% of sales for both units are generated through the drive-thru, he adds.

"I think these two units are a good test pad, because one is in Florida and one is out of state," Bradley says. "We're not going to push franchise sales until we are sure that the concept is going to be successful, but our gut feeling is that it's working."

The full-service Fat Boy Bar-B-Q will continue to be the main focus, Bradley stresses. The restaurants offer a broad menu that rarely changes, with emphasis on steak and barbecued pork, beef, chicken, and pork ribs. Average check at breakfast is $3.50, at lunch $4.70, and at dinner $8.

Barbecued meats are prepared by pre-smoking in a basting sauce using a mechanized smoker, then finished off in an open pit. The same method is used at the two fast-food units.

Bradley says that sales throughout the system have been holding steady. About half the units are showing small gains, most of the remainder are showing flat sales, and top units in Cocoa, Orlando, Merit Island, and Kissimmee are posting gains of up to 10%.

ENTERTAINING FARE. Ribs are a mainstay on the menu at trendy Heartthrob Cafes in Chicago, Nashville, St. Paul, Philadelphia, and Kansas City. The restaurants, owned by Chicago-based Heartthrob Enterprises Inc., exist on the same 10,000-sq.-ft. premises as a nightclub called Philadelphia Bandstand.

Heartthrob Cafes have won local "Best Ribs" awards in Philadelphia and Nashville. "Coming from Chicago, I was brought up on ribs," says president Larry Spatz. "I knew our ribs had to be good." The big sellers on the menu are I Want My Baby Back Ribs and Eatie Gourmet Burgers.

The average unit volume of the cafe/nightclub combinations is $4 million, says Spatz. The food is low-priced and varied. Average lunch check is $6, average dinner check $11. And a giant buffet served every weeknight from 5 p.m. until 8 p.m. is free.

Heartthrob Enterprises opened its first restaurant in Philadelphia two and a half years ago. Leases have been signed for Heartthrob Cafe/Philadel-

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Bob Evans Farms is not positioning itself as "country."

phia Bandstand combinations in Hollywood and San Jose, CA, and New York.

Another new barbecue concept aiming at expansion is K.C. Masterpiece, which is based in Kansas City. The concept was developed by Rich Davis. Davis was a backyard cook who concocted his K.C. Masterpiece barbecue sauce, which he bottled and retailed.

Davis sold his sauce-bottling operation and opened the first K.C. Masterpiece restaurant in February 1987 in the city's booming western suburbs. A second unit is planned for St. Louis, with long-term plans to open between 10 and 20 K.C. Masterpiece restaurants, all company-owned, in the next several years.

K.C. Masterpiece serves authentic barbecue in an upscale atmosphere. A closed-pit hickory smoker is visible from the dining room. The smoker turns out spareribs, baby back ribs, brisket, pork tenderloin, boneless prime rib roast, and barbecued smoked sausage. Even the meatballs that are served as an appetizer are barbecued.

An open pecan-wood grill, also visible from the dining room, grills fresh seafood, shrimp, Kansas City steaks, and chicken. All food is made from scratch, from potato salad and coleslaw to the smoked cheddar-cheese dressing for salads. K.C. Masterpiece offers a diversity of regional types of barbecue; the menu even features a Carolina-style sandwich doused with vinegar and spices.

K.C. Masterpiece's atmosphere is informal but still a long way from a typical barbecue barn. The dining room is large and open, decorated with beiges, rusts, and oranges for a comfortable, woodsy feeling. Lighting is soft and indirect, and handmade tin tiles grace recessed ceiling areas. Walls are decorated with barbecue-themed pictures.

REGIONAL DIFFERENCES. Although ribs have become popular all over the country, the true smoky barbecue that purists love is still primarily a regional phenomenon. Slow-cooked barbecue is gaining fans outside of the South.

"Our customer base has grown to the point that we are seriously considering opening another restaurant," says Mark Strassburg, owner with his wife Connie of a barbecue restaurant called Memphis Pig-Out. Memphis Pig-Out is located in the resort community of Atlantic Highlands, NJ.

The Strassburgs went into the barbecue business because they missed their favorite foods from their hometown. Connie Strassburg hails from Memphis, and the 165-seat restaurant specializes in Memphis-style pulled pork and barbecued baby back ribs as well as half chickens. Hickory-smoked spare ribs sell for $8.95 and $10.95, and baby back ribs for $12.95. Hickory-smoked pork filet is priced at $8.95, charbroiled pork kabob is priced at $8.95, and hickory-smoked pulled pork

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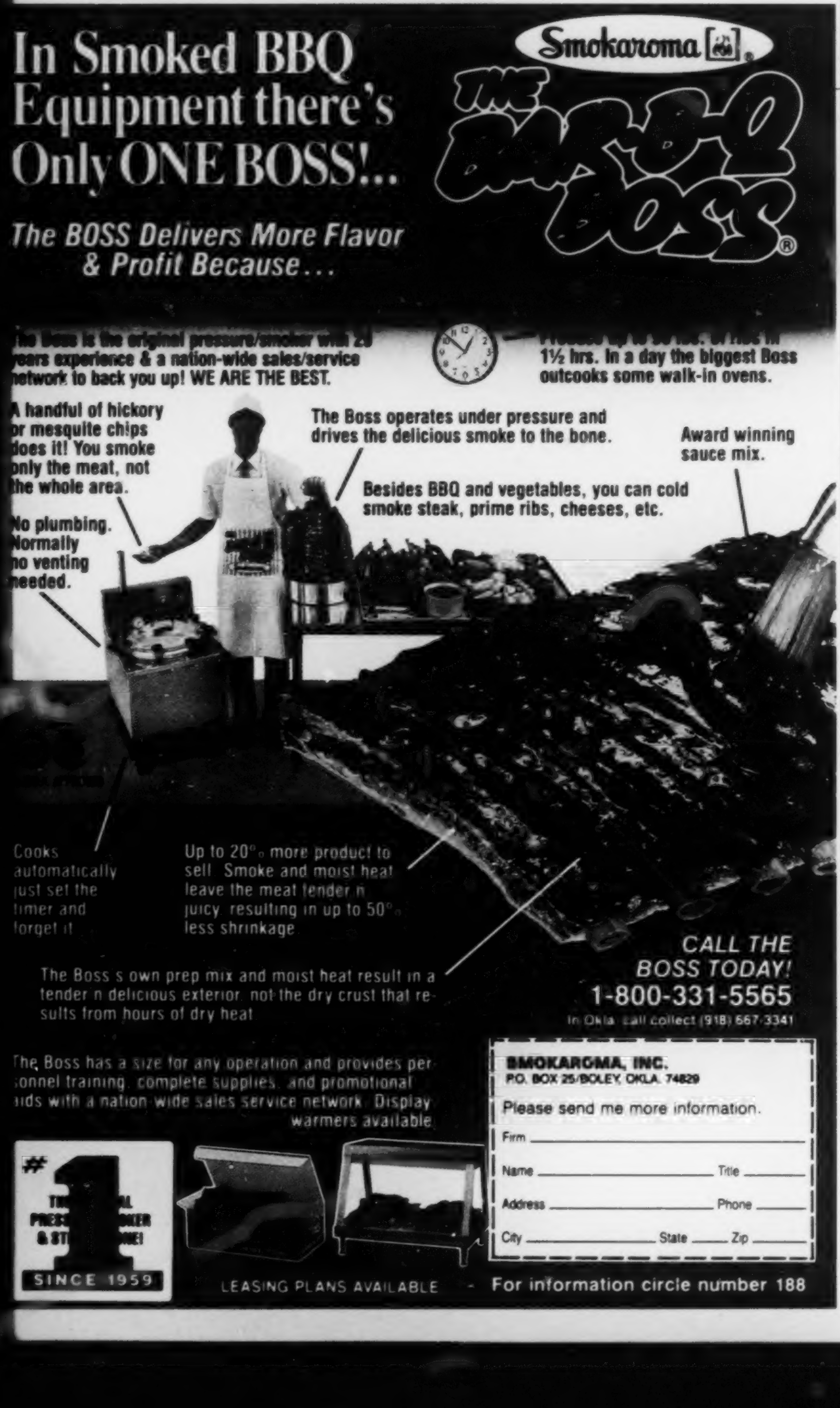
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is priced at $8.95. Also available are such entrees as lobster tails, flounder stuffed with crab, and steaks.—

Takeout accounts for 12% of sales, with spare ribs in bulk selling for $8.50 a pound, baby back ribs for $10.50 a rack, a whole chicken for $9.50 and a half chicken for $5, and pulled pork for $10 a pound.

COUNTRY COOKING. The largest chain identified with country-style cooking is Columbus, OH-based Bob Evans Farms, with 201 company-owned units and sales for the fiscal year ended April 29 of $259 million (average unit volume is $1.4 million). However, Bob Evans does not want to be labeled as a country-cooking concept. "When you say country cooking, you get polarized perceptions from the public," says Roger Williams, vice president of marketing. "To some customers, country cooking means 'good cooking, down-home, a little nostalgic,' while others say, 'Country cooking's not for me, country cooking is heavy, we don't want it.' Bob Evans wants to incorporate all the positives and none of the negatives; the word 'country' is not used in its advertising."

Bob Evans appeals to families. It has a broad menu that includes such popular homestyle offerings as meat loaf, country-fried steak, and chunks of chicken with dumpling-style noodles.

The company recently introduced a repositioned dinner menu, with seven entrees priced under $5. "We had allowed our menu items and prices to get into the $6 to $9 range, and we wanted to pay more attention to the heavy users of family restaurants—families with children. Now we're working on a children's program."

Bob Evans Farms is expanding at a steady rate, with plans to build 23 new units in 1988, all in present trade areas except for a new unit in Frederick, MD, the company's first move into the Northeast. The company has one Owens Family Restaurant in Texas, and three more will be built this year.

Bob Evans has taken its country-style family restaurant into the large urban market of Chicago. At first the going was rough. "Chicago has been a problem market," says Williams. "We had a strong breakfast business but a very weak dinner business. However, sales are becoming stronger and stronger. We've made a heavy investment in advertising and been a little aggressive on remodels. Muffins and omelets have been added."

Williams says that he doesn't expect to see a great proliferation of country concepts. "The thing against country concepts is their nutritional perception," he says. "They're always going to be around, but I don't expect them to be the next big boom."

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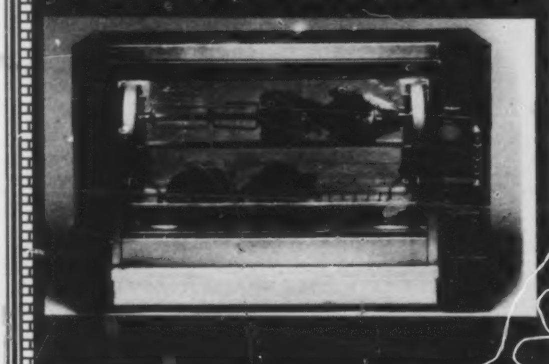

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Po Folks' check average is now about $4.70, but company executives hope to see that pushed to $5 or more.

A large chain sitting squarely in the country-cooking niche is Nashville-based Po Folks, with 160 units in 22 states. Thirty-six units are company-owned. Total systemwide sales in 1987 reached $176 million, with average unit volumes of $1.1 million.

Units are located primarily in the South, Southwest, and Midwest, but two Po Folks are open in Sacramento, CA, and restaurants will open soon in Los Angeles and San Diego.

SATURATION? Po Folks' sales have been flat for some time. "We're not expecting any big sales growth," says Mike McNeil, director of marketing. "What's in the future? We're in a mature market, we're reaching a saturation point, and we're going to have to get away from low check averages."

McNeil says that Po Folks' check average is now about $4.70, but company executives hope to see that pushed to $5 or more. The increase won't come through high-priced menu items, however, he says. Po Folks recently introduced a pulled pork barbecue sandwich and dinner, and a meat loaf is in test. Strawberry shortcake also has been rolled out.

Dallas-based The Black-eyed Pea is a subsidiary of Great Britain's Unigate PLC, a conglomerate that also owns the Taco Bueno fast-food Mexican chain and the Casa Bonita Mexican dinner houses. Black-eyed Pea unit volumes range from $500,000 a year to $2 million, depending on the size.

A total of 50 Black-eyed Peas are now open, along with five Dixie Houses. They all serve American homestyle cooking such as fresh vegetables, fresh-baked whole wheat rolls, smothered steak, chicken divan, liver and onions, pot roast, meat loaf, and pork chops. Black-eyed Pea recently added charbroiled chopped steak to the menu along with chicken fingers and honey-mustard sauce. Also new are two meal-sized salads.

The company is continuing slow expansion, with construction underway right now in the northern Virginia and southern Maryland markets around Washington, DC. Other units are located in Texas, Oklahoma, and Colorado.

PRICE/VALUE. Black-eyed Pea restaurants are known for their good price/value relationship, with an average check of about $6. Restaurants are located in suburban neighborhoods rather than along highways or in malls.

"We see this as a very viable niche," says Susan Lugeanbeal, assistant vice president of marketing. "But we don't think of this as country cooking. We think of it as American homestyle cooking, and we were doing it long before it was chic."

As Black-eyed Pea moved out of its Dallas home base into the Washington, DC, market, the company expected that menus would have to be regionalized, says Lugeanbeal. "We did focus groups and found out that we didn't really have to regionalize menus, but we're prepared for the future."

Lebanon, TN-based Cracker Barrel Restaurants, with 60 units strung along interstates in the Southeast, is among the highest-volume country concepts with per-unit sales averaging $2 million. Total sales in 1987 passed $99 million.

"We just reported our third quarter, and same-store sales are up a little more than 7%," says senior vice president of finance and chief financial officer Jimmie D. White. "We've been showing real increases for 13 straight quarters."

COUNTRY MOTIF. Cracker Barrel Restaurants use an old country store motif, and a gift store in each unit does a thriving business. Restaurants average 176 seats.

Average check is $4.80. The most expensive item on the menu is a 10-oz. steak for $8.95. Country dinner plates are $4.45; the customer chooses from entrees including a hamburger steak, country ham, chicken breast filet, hickory-smoked pork barbecue, sugar-cured ham, chicken and dumplings, farm-raised catfish filet, and charbroiled pork chop. The dinners come with homemade buttermilk biscuits or corn muffins as well as two vegetables. "Fancy Fixin's," for $6.59, are larger versions of the same dinners.

Breakfast is popular at Cracker Barrels. Pancakes are served with real maple syrup or fried apples, and biscuits and gravy accompany egg offerings.

THE FUTURE. Country-cooking concepts are moving away from their roots to broaden appeal. This repositioning puts them in competition with family restaurants, but also enhances expansion.

For a barbecue chain to succeed, it has to be flexible enough to adapt to regional preferences. But the appeal of barbecue can be clearly seen in its adoption onto many menus in other segments. This bodes well for growth within the segment. ◼

FROM THE RESTAURANT BUSINESS TEST KITCHEN

MENU IDEAS

Build a Better Bread Basket

BY SCOTT ALLMENDINGER

For thousands of years, bread has represented success and well-being. The staff of life is a religious symbol, and "bread" is also a latter-day slang word for money. Perhaps if Marie Antoinette had better understood its value, she might not have lost her head.

Despite its fundamental importance, many American restaurateurs have treated bread as an afterthought in the past. A mediocre product was often served, in an effort to slice a few pennies off the "K" factor—the contribution of complimentary items to food cost. Now, however, restaurateurs are rising to the challenge of competition by creating signature bread service and bread-based menu items that appeal to the public's current taste for fuller-flavored and fresh fare.

FIRST IMPRESSION. In restaurants serving bread with meals, the bread forms the first taste impression in the mind of the guest. It is important because it makes a strong opening statement about the food to follow. Stale bread or bread dried out from too much time in the warmer will definitely get the meal off to a start from which it might not recover, and nondescript bread can signal the diner that the rest of the meal might be just as boring. For a relatively low cost, creative bread baskets can be built with purchased or baked-on-premise products.

The Union Square Cafe in New York City, for example, offers an assortment of breads purchased from an off-premise bakery. Included in its baskets are sourdough rye, a French baguette, and a crisp, unleavened garlic- and salt-

PHOTOGRAPHY BY DON KUSHNICK. FOODSTYLING BY SCOTT ALLMENDINGER.

Bread basket building blocks—including baskets made of bread—come from a variety of sources in all sizes, flavors, and shapes to enhance table service and buffet presentations.

FRENCH/ITALIAN PROVES POPULAR

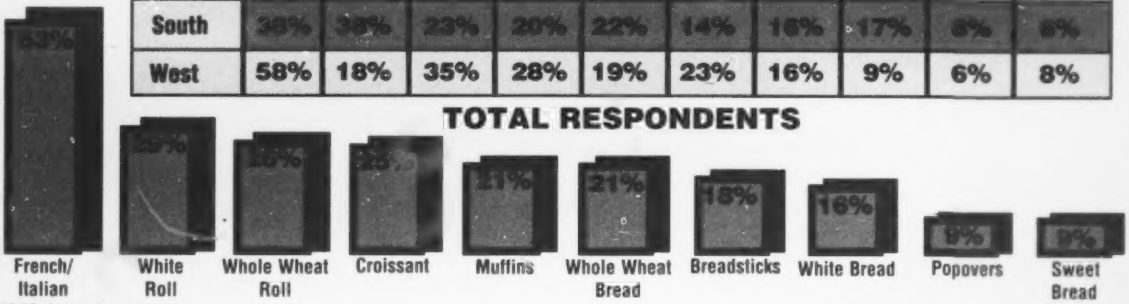
BREAD PREFERENCES

When bread is served with a restaurant meal, which of the breads listed on this card would you like to have?

BY REGION

	French/ Italian	White Roll	Whole Wheat Roll	Croissant	Muffins	Whole Wheat Bread	Bread-sticks	White Bread	Popovers	Sweet Bread
East	66%	27%	21%	24%	19%	19%	21%	15%	13%	11%
Midwest	53%	28%	29%	28%	25%	31%	21%	21%	10%	12%
South	38%	38%	23%	20%	22%	14%	16%	17%	8%	6%
West	58%	18%	35%	28%	19%	23%	16%	9%	6%	8%

TOTAL RESPONDENTS



SOURCE: Gallup Organization

CHART BY SHARI FANG

flavored flatbread. Michela's in Cambridge, MA, bakes *grissini,* Italian yeast breads made long and thin by cutting the dough on the fettuccine setting of a pasta machine, in its own bakeshop. The *grissini* are placed directly on the tabletop, and guests tear off as much as they please. Chicago-based Hyatt Hotels Corporation recently announced that buttermilk biscuits and "gooey cinnamon rolls" would be the cornerstone of its new weekend country breakfast promotion, and in the fast-food segment, Rax Restaurants Inc. of Columbus features whole 6-inch French loaves. "The mini baguettes lose their romance when they're cut," says Rax executive vice president of marketing Dan Corrigan, "so we leave them whole to allow families to literally break bread together."

The American Bounty restaurant at the Culinary Institute of America, Hyde Park, NY, is setting the standard for contemporary bread service. The student-operated restaurant features a 14-day cycle menu of 20 breads, six of which are served each day. Yeast breads such as cottage cheese dill bread are made in the CIA's bakeshop classes, while quick breads leavened with baking powder, such as corn sticks and pan-fried Navajo bread, are made in the American Bounty's display kitchen.

RISING AWARENESS. The CIA's baking and pastry department chairman Noble Masi, a certified executive pastry chef, teaches bread seminars around the country for the National Restaurant Association, and reports a heightened awareness among attendees regarding signature breads. "Bread is so important throughout the meal," says Masi. "It's the first thing the customers eat, and they continue to eat it in between courses. Many restaurateurs spend a lot of time on their entrees and appetizers, but fall down when it comes to the bread. We feel that to make the dining concept complete, the breads have to be as entertaining as the meal." Guests at the American Bounty find the bread delicious as well as entertaining, since they consume 2½ to 3 units per cover, nearly twice the average.

The Bounty admittedly enjoys an advantage over most operators in that it draws from a free labor pool and has access to the CIA's noteworthy bakeshops. Yet according to Masi, many restaurants can follow its lead. "If someone doesn't have an entire baking program like we do, they should offer one or two really good products instead of 20. There are a lot of dough products on the market to which they can add their own identity. Also, a bakery might give them a break on price if the restaurant gives them printed credit on their menu."

At the Buckhorn Exchange, an 85-seat Denver restaurant, bread service has "always been loaves, never rolls," according to general manager Bill Dutton. "We serve hearty portions of food, and people love to pick up the bread and rip off big hunks with their hands."

BREAD AND BUTTER. The Buckhorn Exchange serves a French-style baguette and a six-grain rye bread, both of which are cut into 5-inch sections, then sliced about three-quarters of the way through. The bread is served room temperature in old-fashioned gold-mining pans that reinforce the casual theme and reflect the heritage of the area. Dutton figures that bread-and-butter service adds 25¢ to 30¢ to the restaurant's K factor, based on a wholesale price of 75¢ for a 24-inch baguette and 95¢ for a 16-oz. rye loaf.

Los Altos, CA-based Stuart Anderson's Black Angus restaurants switched to a nine-grain wheat loaf chainwide about two years ago. As di-

BREAD-BUYING GUIDE

Operators have many options to consider when making bread-service improvements, but the primary choice is between on-premise baking and purchasing from an outside source. Each process has its pros and cons.

The popularity of on-premise baking or finishing of product is growing rapidly in all segments as manufacturers make simultaneous advancements in convenience and quality. No longer is it necessary to pay for separate staff, equipment, or square footage to get into the baking game, and the benefits are many. On-premise baking, in addition to its public relations value, offers control over freshness, flexibility, consistency, and amount of product.

Some operators even move baking to the front of the house to take advantage of the enticing aromas and visual images it offers; the expense involved can be as low as the cost of a countertop convection oven and an extra employee shift. The downside of on-premise baking is that in properties restricted in space, labor, or equipment, volume baking or finishing of product can still create a bottleneck during service or prep time.

Convenience products for baking are available in three basic forms that require varying levels of labor intensity. Dry mixes need the most handling but offer great flexibility and low-cost storage. Finished product of excellent quality can be bought frozen and offers the greatest ease of handling, but at a higher cost. Frozen doughs come in an unproofed or oven-ready state. Unproofed product will require the additional steps of thawing and rising between freezer and oven. Oven-ready products are available that are parbaked or raw pre-proofed. Both types of product can go from freezer to oven.

Many operators are turning to local off-premise bakeries to supply their bread needs. This eliminates problems of additional labor, equipment, and storage space completely, and many bakeries are willing to make two deliveries daily to insure freshness. Smaller bakeries will also work with clients to adjust their product line or even design new, signature items.

Although bakeries represent the only alternative for some, operators will need to maintain strict quality controls when receiving product. According to Bill Dutton of Denver's Buckhorn Exchange, consistency is the biggest problem: "We're buying from four different bakeries to stay in control. Everybody brings by samples that are to die for, but quality and freshness often slip down the road." Nevertheless, Dutton feels the frustration is worth it because "we have an 85-seat dining room and a kitchen that isn't big enough to serve 45." Sound familiar?

The hidden disadvantage to bakery buying is that many vendors will require a minimum weekly purchase, and even if they do not require a standing daily order, an operator may quickly decide on one to eliminate the hassle of daily ordering. This lack of flexibility can lead to a problem of leftovers or, worse yet, shortages. Accurate forecasting of cover counts is essential to maintain a proper balance. For ordering purposes, figure on 1½ units (rolls or slices) per cover.

---

rector of public relations Michael Brandon explains, "We felt that the nine-grain loaf was more consistent with taste trends than the 'Texas Toast' that a lot of steak houses were serving. We're very satisfied with the results." The choice of a grain loaf fit in with a restructuring of the menu that de-emphasized beef in favor of foods that were perceived to be lighter. But, even with beef's restored image, the grain bread remains popular. The 7-oz. round loaf is served whole to tables of more than two people, and half a loaf is served to singles and deuces. Stuart Anderson's slices the bread part way through, like the Buckhorn Exchange does, but serves it from a warmer.

At The Pastaria in Nashville, owner Richard Mekdeci has developed a signature bread so distinctive that he has registered it as a trademark. Pesto Bread is a 6- x 8-in., 2-oz. sourdough mini-loaf that is flavored with basil pesto. One mini-loaf comes with each meal; additional loaves can be purchased à la carte. At 45¢ each, or 12 for $5, Mekdeci figures his cost to be about 50%, a figure he says he can live with because of the signature value.

Signature bread service does not have to stop at the bread basket. In fact, The Pastaria uses Pesto Bread to double as a distinctive sandwich bread for meatball subs and a vegetarian sandwich specialty. In fast-service restaurants, biscuits and English muffins are proving increasingly popular as alternative sandwich breads.

Convito Italiano in Chicago serves a toasted bread salad called Panzanella as a lunch entree for $6.95. Chunks of Italian bread are toasted and tossed with cucumber, tomato, red bell pepper, red onion, capers, garlic, olive oil, and red wine vinegar. Michela's chef Todd English serves a similar dish, a *crostini* made with a toasted round of walnut bread topped with chopped tomato, cucumbers, and red onion.

FLEXIBILITY. Operators who feature pizza can also easily convert pizza dough into focaccia—flatbreads that are seasoned with oil, garlic, and oregano and used for a meal accompaniment or an ingredient. In the *RB* Test Kitchen, we developed a focaccia hero using common Italian sandwich stuffers. As a substitute for homemade focaccia, Syrian bread can be marinated in bottled Italian dressing before being grilled; season with herbs, red pepper flakes, and salt.

Toasting oil- or butter-soaked bread cubes and slices is a good way to recycle leftovers for profit. Homemade croutons of this sort can be used for salads and soups, as an accompaniment for cheese, or served as an upscale topping. In the *RB* Test Kitchen, we paired croutons with smoky eggplant relish, roasted garlic, and chive-flavored cream cheese to make a hearty contemporary dish to be sold in the $4-$5 range at a bar, for a light lunch, or as an appetizer.

Leftover bread can also be turned into bread pudding, a humble country dish that can currently be found on the menus of many white-tablecloth restaurants. For a truly decadent version, try substituting leftover croissants for bread and adding cocoa powder to make a chocolate croissant pudding.

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Restaurant Business

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SEPTEMBER 1 1988

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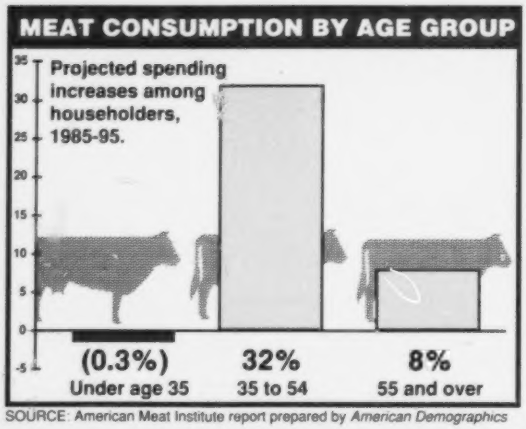
BUSINESS BAROMETER

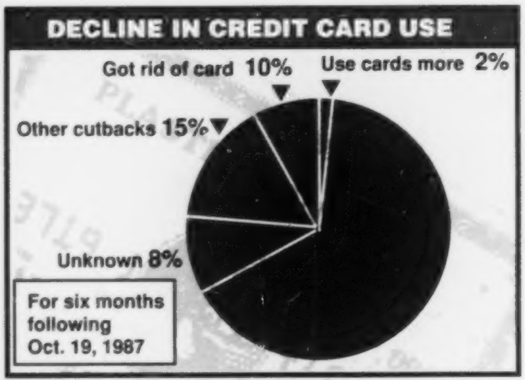
The Hard Facts Shaping Our Industry



SOURCE: American Meat Institute report prepared by *American Demographics*

Beef Eaters Growing In Number

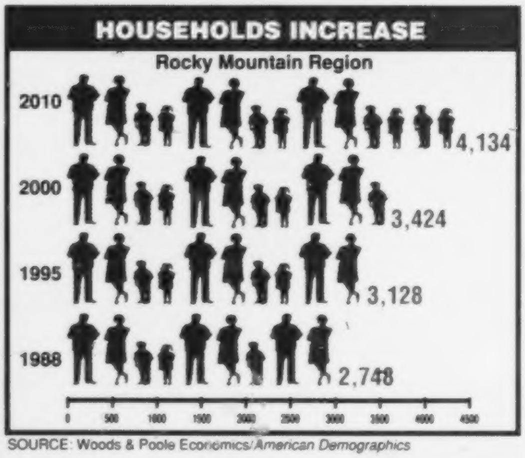
First the bad news for operators and processors of meat products: Americans are eating less meat. But the good news is that those Americans who buy the most meat are rapidly growing in number, according to an American Meat Institute report prepared by *American Demographics* magazine. These groups—middle-aged, married couples with kids, and Hispanics—all spend more on meat than the average American does. The prime meat eaters, householders between the ages of 35 and 54, will grow in number from 31 million to 40 million by 1995.



SOURCE: Decision Research Corp./The Lempert Report

A Post-Crash Pall Over Plastic

The "Black Monday" stock market crash last October 19 rattled more than just people who play the market—it also shook up anyone who spends money. Sixty-five percent of married people in households with annual income over $40,000 said they were using their credit cards less as a result. Nearly one third of the 500 respondents said they were "staying home more" in response to economic conditions. For restaurant operators—who are already pinched by competition—the crash may mean that consumers may be eating out less.



SOURCE: Woods & Poole Economics/*American Demographics*

Rocky Mountain Population High

The number of households in the Rocky Mountain region—Colorado, Idaho, Montana, Utah, and Wyoming—will grow by 50% by 2010, says the Bureau of Economic Analysis in *American Demographics* magazine. Although the size of each household is expected to drop from 2.71 to 2.44 persons, the overall population will rise from 7.6 million to 10.4 million. The group aged 65 and over will grow the most quickly—by 74%. The number of those aged 20 to 64 will increase 35%. And average household income (on a 1982 constant-dollar basis) is projected to rise from $31,928 to $38,167.

RESTAURANT BUSINESS

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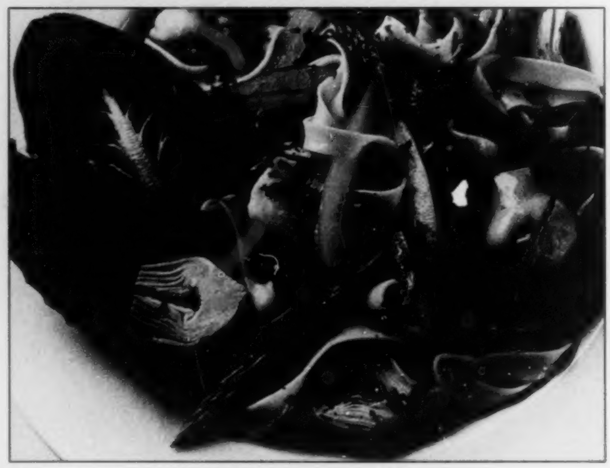

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MARKET SEGMENT REPORT **SEAFOOD.** *Good news for restaurateurs: Seafood consumption continues to rise. Opportunities for growth in the segment exist, but declining fresh supplies and rigorous purchasing and handling requirements make this a difficult market to conquer on a chain basis* **135**

MANAGEMENT **TIPPING.** *Can the service charge system replace tipping? As part of RB's ongoing coverage of this volatile issue, labor lawyer Alfred T. DeMaria examines the legal considerations of mandatory service charges* **180**

CHAIN **SPAGHETTI WAREHOUSE.** *Founder Robert Hawk has built Garland, TX-based Old Spaghetti Warehouse Inc. into a high-volume, full-service Italian specialty restaurant chain with broad appeal. Over the years, the company has grown steadily, if conservatively. Now, Hawk has begun a challenging new phase of expansion, heading East to open the twelfth unit, in Buffalo, NY* **184**

Cover photograph by Chip Greenberg

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RB INSIDER

CHOPSTIX, *a trendy Los Angeles eatery with seating for 55 indoors and 30 outdoors, has had lines out the door almost since the moment the restaurant opened last February* 20

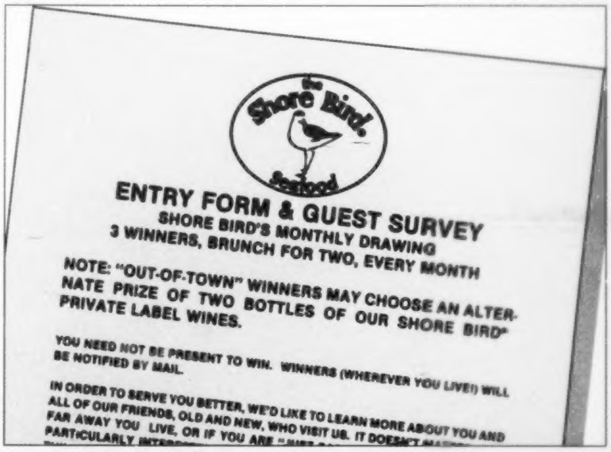
Despite tough economic times in Texas, consumers there are increasing their expenditures in restaurants. In conjunction with its annual convention, the **TEXAS RESTAURANT ASSOCIATION** *released a survey indicating that Texas residents will spend an average of $667 in restaurants this year. During 1988, Texas restaurant sales are expected to increase 4.5%, with total sales climbing to $11.4 billion* 22

A two-year extension of the **TARGETED JOB TAX CREDIT** *has been adopted by the House Ways and Means Committee, but the maximum age of the "economically disadvantaged youth" eligible for the program has been dropped from 24 to 21* 22

SPECIAL OFFER

Restaurant Business now has available specially prepared reprints of the **1987 RESTAURANT GROWTH INDEX** and the **1988 MAJOR FORCES IN FRANCHISING.** These annual studies are invaluable reference tools.

The reprints are available for $5 per copy. Direct orders and inquiries to: Editor Peter Berlinski, *Restaurant Business* Magazine, 633 Third Avenue, New York, NY 10017.



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MARKETING: *Do-It-Yourself Programs, page 68.*

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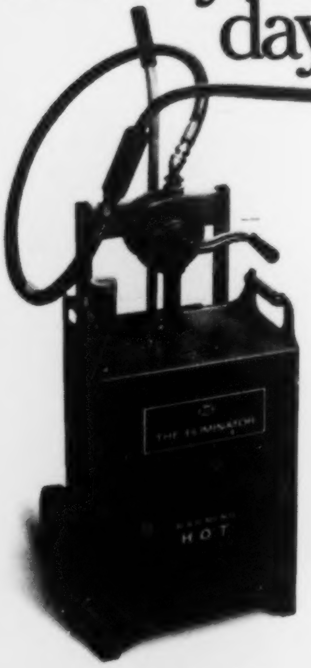

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TOP 50 GROWTH CHAINS

THE FASTEST-GROWING SMALL AND MEDIUM-SIZED CHAINS, RANKED BY SALES AND UNIT GROWTH

In a competitive environment that is marked by a concerted battle for market share, expansion has become a major issue. And, while a number of chains have been forced to scale back on growth in order to concentrate on improved operations, it is clear that there are a number of growth niches still unfilled. For small and medium-sized companies, many of which operate regionally, expansion opportunities remain.

Technomic Inc., the consulting firm in Chicago, was commissioned to identify the fastest-growing second-tier chains. Fifty companies, selected for their rapid rate of growth in sales, were ranked, in terms of both sales and unit performance. These 50 chains operate in widely diverse market segments with a variety of concepts and expansion strategies, from The Olive Garden, the Italian dinnerhouse chain built on converted properties, to Wienerschnitzel, a hot dog chain that is expanding again—after a five-year hiatus—through company development.

TOP GROWTH CHAINS

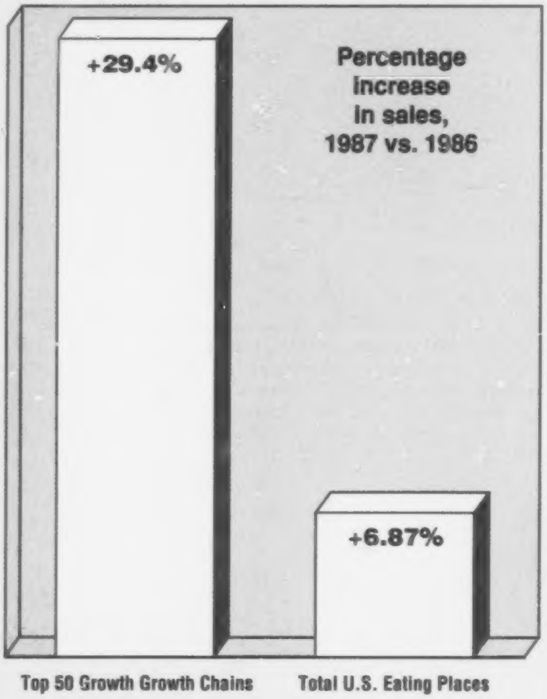
RANKED BY PERCENTAGE INCREASE IN SALES AND UNITS

Sales Growth Rank	Chain	1987 Sales	1986 Sales	1987 vs. 1986 Sales Increase	1987 U.S. Units	1986 U.S. Units	1987 vs. 1986 Unit Increase	Unit Growth Rank
1	OLIVE GARDEN	$130.7	$ 44.8	191.55%	70	30	133.3%	2
2	LE PEEP RESTAURANTS	24.4	10.5	132.38	48	28	71.4	4
3	BAY STREET	31.0	13.7	126.56	16	10	60.0	5
4	RESTAURANTS UNLIMITED	80.0	43.0	86.05	68	18	277.8	1
5	OLD COUNTRY BUFFET	47.8	27.0	76.89	36	23	56.5	6
6	TCBY	121.2	71.1	70.46	822	458	79.5	3
7	RED ROBIN INTERNATIONAL	112.0	66.0	69.70	45	44	2.3	45
8	MRS. FIELDS COOKIES	110.0	65.0	69.23	400	310	29.0	14
9	TONY ROMA'S	200.0	128.5	55.64	96	75	28.0	15
10	ACAPULCO	65.9	43.7	50.80	41	41	0.0	47
11	APPLEBEE'S	54.6	36.8	48.41	53	36	47.2	7
12	RYAN'S FAMILY STEAK HOUSE	185.0	125.0	48.00	95	70	35.7	9
13	CHILI'S	226.1	154.7	46.15	126	102	23.5	16
14	FAMOUS COOKIES	32.0	22.0	45.45	130	100	30.0	13
15	CHARLIE BROWN'S	49.7	35.2	41.19	34	24	31.3	8
16	RUBY TUESDAY	104.0	75.0	38.67	63	48	41.7	18
17	PARAGON GROUP	224.9	162.2	38.64	106	88	20.5	10
18	SBARRO RESTAURANT GROUP	116.0	84.2	37.84	253	190	33.2	11
19	STUCKEY'S	93.6	72.2	29.73	117	111	5.4	40
20	PAPA GINO'S	134.0	104.1	28.72	200	177	13.0	26
21	CRACKER BARREL OLD COUNTRY STORE	110.6	88.2	25.44	55	49	12.2	28
22	PANTERA'S PIZZA	52.0	42.0	23.81	157	120	30.8	12
23	HOUSTON'S RESTAURANTS	58.2	47.7	22.01	16	15	6.7	37
24	SPECIALTY RESTAURANTS CORP.	185.0	152.0	21.71	80	70	14.3	22
25	BIG 4 RESTAURANTS	30.0	25.0	20.00	16	13	23.1	17
26	BAKER'S SQUARE	155.8	130.4	19.48	138	116	19.0	19
27	JERRY'S SYSTEMS	51.0	43.0	18.60	80	69	15.9	21
28	NANCO ENTERPRISES	42.0	36.0	16.67	21	19	10.5	32
29	PANCHO'S MEXICAN BUFFET	50.0	43.0	16.28	52	46	13.0	25
30	VELVET TURTLE	50.0	43.0	16.28	21	21	0.0	48
31	LEVY ORGANIZATION	43.0	37.0	16.22	23	22	4.5	43
32	TACO TIME	86.0	75.0	14.67	264	244	8.2	35
33	TOGO'S	48.0	42.0	14.29	113	102	10.8	31
34	PETER PIPER PIZZA	59.2	51.9	14.07	109	103	5.8	38
35	ROCKY ROCOCO	68.4	60.0	14.00	125	114	9.6	34
36	SPECTRUM FOODS	41.0	36.0	13.89	14	12	16.7	20
37	BOBBY MCGEE'S CONGLOMERATION	51.0	45.0	13.33	19	18	5.6	39
38	BLIMPIE	106.4	94.0	13.19	300	265	13.2	24
39	FAMOUS RESTAURANTS	76.6	67.7	13.15	42	44	-4.5	50
40	CAROUSEL SNACK BAR OF AMERICA	46.8	41.4	13.14	313	276	13.4	23
41	MARIE CALLENDER PIE SHOPS	220.0	196.0	12.24	130	127	2.4	44
42	SIRLOIN STOCKADE	45.1	40.2	12.19	66	59	11.9	29
43	MISTER DONUT	169.0	151.0	11.92	535	543	-1.5	49
44	BOB EVANS RESTAURANTS	257.8	230.9	11.62	194	172	12.8	27
45	FOSTERS FREEZE	89.0	80.0	11.25	176	158	11.4	30
46	DINO'S/CRUSTY'S USA INC.	50.0	45.0	11.11	204	190	7.4	36
47	CHICK-FIL-A	202.7	182.8	10.88	363	346	4.9	42
48	TRADER VIC'S RESTAURANTS	38.7	35.0	10.57	21	19	10.5	33
49	TACO JOHN'S	102.6	93.0	10.32	421	401	5.0	41
50	WIENERSCHNITZEL	109.0	99.0	10.10	273	272	0.4	46

Sources: Technomic Inc. and *Restaurant Business*

Many of these second-tier chains operate regionally and stay within well-defined market niches, which enables them to grow considerably faster than the rest of the industry. For an explanation of the methodology of this study, see page 108.

Growth Chains: GROWING FASTER



1987 Sales (in billions)

Top 50 Growth Chains	$4.0
Total U.S. Eating Places	$137.9

1986 Sales (in billions)

Top 50 Growth Chains	$3.7
Total U.S. Eating Places	$129.1

SOURCE: Technomic Inc. and *Restaurant Business*

1 RANKING BY SALES GROWTH

OLIVE GARDEN (General Mills)

Orlando, FL

RANKING BY UNIT GROWTH: 2

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$130.7	$44.8
Number of Units	70	30

The Olive Garden is a moderately priced Italian dinner-house concept launched in Orlando in 1982. The chain, which more than doubled in size last year, represents a significant growth vehicle for the General Mills restaurant division, which owns the Red Lobster seafood chain and York steak houses. Olive Garden, designed to resemble an Italian country home, features items like antipasto, shrimp scampi, and pasta, along with unlimited garlic bread and family-style salad. Most units are conversions.

2 RANKING BY SALES GROWTH

LE PEEP RESTAURANTS

Denver, CO

RANKING BY UNIT GROWTH: 4

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$24.4	$10.5
Number of Units	48	28

Open only from 6:30 a.m. to 2:30 p.m. seven days a week, Le Peep Restaurants concentrate solely on the breakfast, brunch, and lunch dayparts. The chain targets professionals between the ages of 25 and 36, and serves items like omelets, frittatas, salads, open-faced sandwiches, pancakes, and egg dishes cooked in skillets with meat and vegetables. No alcoholic beverages are served. Restaurants offer full service, are typically located in shopping malls, and are both company-owned and franchised.

3 RANKING BY SALES GROWTH

BAY STREET (Pillsbury)

Dallas, TX

RANKING BY UNIT GROWTH: 5

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$36.0	$13.7
Number of Units	16	10

Developed by The Pillsbury Co.'s S&A Restaurant Corp. division, the first Bay Street restaurant opened in a Dallas suburb in June 1985. Bay Street is a dinner-house concept, featuring more than a dozen varieties of fresh seafood prepared either grilled or Cajun-style, with pasta or in salads. Beef and chicken, and full bar service are also offered. At press time, Pillsbury was negotiating to sell the Bay Street chain. (There are now only 12 restaurants open, due to closings in 1988.)

continued on page 88

4

RANKING BY SALES GROWTH

RESTAURANTS UNLIMITED

Seattle, WA

RANKING BY UNIT GROWTH: 1

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$80.0	$43.0
Number of Units	68	18

Founded as a dinner-house chain—the company's restaurants feature broad menus under names like Cutter's, Morgan's Lake Place, Skates on the Bay, Triples, and others—Restaurants Unlimited has seen most of its recent growth come from Cinnabon. A retail bakery concept, Cinnabon features half-pound, freshly baked cinnamon rolls. The franchised bakeries are located in shopping malls, and represent Restaurants Unlimited's first and only venture into franchising.

5

RANKING BY SALES GROWTH

OLD COUNTRY BUFFET (Buffets Inc.)

Eden Prairie, MN

RANKING BY UNIT GROWTH: 6

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$47.8	$27.0
Number of Units	36	23

Open for lunch, dinner, and Sunday breakfast, Old Country Buffet restaurants are cafeteria-style, all-you-can-eat operations. Customers pay upon entering the restaurants, then select menu items from a double-sided service line. Food items include soups, salads, entrees, vegetables, nonalcoholic beverages, and desserts. Entrees include carved roast beef and ham, chicken, casseroles, shrimp, oysters, and other items. Restaurants are company-owned operations, and 20 new units are scheduled to open this year.

6

RANKING BY SALES GROWTH

TCBY

Little Rock, AR

RANKING BY UNIT GROWTH: 3

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$121.2	$71.1
Number of Units	822	458

The company operates but primarily franchises the TCBY chain of soft-serve yogurt stores. Principally carry-out operations, TCBY stores also offer some sit-down service, and some newer units include drive-thru facilities. Yogurt is made available in 25 different flavors, and Belgian waffles and waffle cones are made daily on the premises. A variety of toppings are also available, as is frozen tofu, a lactose- and cholesterol-free product. Stores are both freestanding and located in malls.

7

RANKING BY SALES GROWTH

RED ROBIN INTERNATIONAL

Seattle, WA

RANKING BY UNIT GROWTH: 45

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$112.0	$66.0
Number of Units	45	44

Red Robin International (now owned by Skylark Co. Ltd. of Japan) operates and franchises a chain of Red Robin Burger and Spirits Emporiums. The restaurants specialize in gourmet hamburgers and creative cocktails, and serve lunch, dinner, and snacks. More than two dozen kinds of hamburgers are offered, as are items like chicken, ribs, steaks, seafood, salads, soups, and desserts. Red Robin operates in several states, with the majority of units located on the West Coast. The company also operates other theme restaurants in Seattle.

8

RANKING BY SALES GROWTH

MRS. FIELDS COOKIES

Park City, UT

RANKING BY UNIT GROWTH: 14

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$110.0	$65.0
Number of Units	400	310

Mrs. Fields Cookies is a retail bakery concept that offers approximately 15 different kinds of cookies, muffins, brownies, and candies, along with soft drinks and coffee. Outlets do not offer seating, and are located in malls and strip centers throughout the country. All baked goods are prepared on the premises throughout the day to ensure freshness, and are sold by the pound. Also available in some bakeries is a line of ice cream with dessert toppings, sold either in a cup or a freshly made waffle cone. California is Mrs. Fields' largest market.

9

RANKING BY SALES GROWTH

TONY ROMA'S (Roma Corp.)

Dallas, TX

RANKING BY UNIT GROWTH: 15

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$200.0	$128.5
Number of Units	96	75

Operating under the name Tony Roma's, A Place for Ribs, the company's restaurants are full-service, family-style dinner houses specializing in barbecued ribs. Ribs, which account for about 70% of food sales, are offered in a number of different ways, including Danish Baby Back, St. Louis, and beef. Other menu items include hamburgers, salads, chicken and fish entrees, and loaves of onion rings. The company both owns and franchises restaurants, though franchising accounts for most of the chain's current growth.

continued on page 90

10

RANKING BY SALES GROWTH

ACAPULCO (Restaurant Associates)
New York, NY

RANKING BY UNIT GROWTH: 47

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$65.9	$43.7
Number of Units	41	41

One of several restaurant concepts owned by Restaurant Associates Industries, Acapulco restaurants are full-service, upscale Mexican dinner houses serving a variety of traditional Mexican food and other items. In 1987, Restaurant Associates acquired the 10-restaurant Casa Vallarta Mexican dinner-house chain for the express purpose of converting the restaurants into Acapulco units. Though the number of Acapulco restaurants did not increase last year, sales gains were substantial in existing units.

11

RANKING BY SALES GROWTH

APPLEBEE'S (Gourmet Systems)
Dallas, TX

RANKING BY UNIT GROWTH: 7

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$54.6	$36.8
Number of Units	53	36

Applebee's Neighborhood Grill & Bar is a chain of full-service restaurants open for lunch, dinner, snacks, and weekend brunch. Now owned by Gourmet Systems, the chain once operated under W.R. Grace's restaurant group. Applebee's restaurants are both company-owned and franchised. A horseshoe-shaped bar serves as a focal point for the restaurants, and menu items include hamburgers, deli sandwiches, chicken and fish entrees, chili, and numerous appetizers, like nachos, potato skins, guacamole, and fried vegetables.

12

RANKING BY SALES GROWTH

RYAN'S FAMILY STEAK HOUSE
Greer, SC

RANKING BY UNIT GROWTH: 9

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$185.0	$125.0
Number of Units	95	70

A chain of family-oriented budget steak houses, Ryan's Family Steak Houses have long been regarded as offering among the best values in the steak-house segment. Customers order entrees upon entering the restaurants, pick up side dishes and visit an all-you-can-eat "mega" salad-and-food bar; entrees are served at the table when ready. Ryan's restaurants are both company-owned and franchised, with most units in Southern states. With 1988 sales slowing, management is now being realigned.

13

RANKING BY SALES GROWTH

CHILI'S
Dallas, TX

RANKING BY UNIT GROWTH: 16

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$226.1	$154.7
Number of Units	126	102

Chili's Inc. operates and franchises Chili's Hamburger Grill & Bar restaurants. The full-service, casual restaurants feature several different hamburgers, chili, tacos, salads, country-fried steak, barbecued ribs, chicken and beef fajitas, a number of appetizers, and desserts. Though beer, wine, sangria, and margaritas are offered, alcoholic beverages account for only 20% of sales. The company anticipates doubling in size by 1990, with the majority of growth achieved through franchising.

14

RANKING BY SALES GROWTH

FAMOUS COOKIES (Mrs. Fields Inc.)
Park City, UT

RANKING BY UNIT GROWTH: 13

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$32.0	$22.0
Number of Units	130	100

Famous Cookies is a chain of retail bakeries specializing in freshly baked cookies. A rapid-growth chain in the bakery category, Famous Cookies was recently acquired by the Mrs. Fields bakery chain. Last year, Mrs. Fields also reached an agreement with PepsiCo, in which the company acquired PepsiCo's La Petite Boulangerie chain, a retail bakery/cafe chain. Mrs. Fields' acquisition of both Famous Cookies and La Petite Boulangerie served to further the company's position as a leader in the baked goods category.

15

RANKING BY SALES GROWTH

CHARLIE BROWN'S (Restaurant Associates)
New York, NY

RANKING BY UNIT GROWTH: 8

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$49.7	$35.2
Number of Units	34	24

Owned by Restaurant Associates Industries, Charlie Brown's is a chain of full-service steak houses serving lunch, dinner, and cocktails. Located in suburban locations in New Jersey, New York, Connecticut, and Florida, Charlie Brown's restaurants target customers in the 21 to 39 age group. Menu items include steaks, prime rib, hamburgers, chicken and seafood entrees, and lunch and dinner specials. Finger foods are also offered, as are luncheon specials like salads and omelets. Charlie Brown's restaurants are company-owned.

continued on page 92

16

RANKING BY SALES GROWTH

RUBY TUESDAY (Morrison Inc.)

Mobile, AL

RANKING BY UNIT GROWTH: 18

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$104.0	$75.0
Number of Units	63	48

Owned by Morrison Inc., Ruby Tuesday has served as a growth vehicle for the cafeteria operator. The restaurants are full-service dinner houses serving lunch, dinner, and Sunday brunch. Menu items like freshly ground hamburgers, Cajun specialties, and salads, are designed to attract young professionals—a different clientele than the all-you-can-eat buffet-style cafeterias attract. Most Ruby Tuesday restaurants are located in shopping malls in the Southeastern states. Restaurants include lounge/bar areas.

17

RANKING BY SALES GROWTH

PARAGON GROUP

(formerly VICORP Specialty Restaurants)

San Diego, CA

RANKING BY UNIT GROWTH: 10

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$224.9	$162.2
Number of Units	106	88

The result of a leveraged buyout of VICORP Restaurants' specialty restaurants division, Paragon is comprised of several different full-service restaurants. Mountain Jack's and Hungry Hunter chains are beef-oriented dinner houses; Rusty Pelican, The Boat House, and The Dock are seafood-oriented; Carlos Murphy's Irish Mexican Cafe restaurants are "adult fun" restaurants. Paragon's restaurants, many of them unique in design, offer broad menus.

18

RANKING BY SALES GROWTH

SBARRO RESTAURANT GROUP

Melville, NY

RANKING BY UNIT GROWTH: 11

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$116.0	$84.2
Number of Units	253	190

This chain of quick-service Italian specialty restaurants offers pizza, pasta dishes, hot and cold Italian entrees, salads, sandwiches, and desserts. Pizza, however, accounts for about half of sales. Sbarro restaurants are primarily located in shopping mall locations, both in-line and in food courts. Virtually all items are prepared daily on the premises, and some larger locations also offer beer and wine. The company also operates Cafe Sbarro, featuring an expanded line of Italian specialties, pastries, and cappuccino.

19

RANKING BY SALES GROWTH

STUCKEY'S

Marietta, GA

RANKING BY UNIT GROWTH: 40

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$93.6	$72.2
Number of Units	117	111

With units scattered throughout Southern states, Stuckey's restaurants are family-oriented operations predominantly targeted at travelers. Some units are full-service restaurants, others are cafeteria-style, offering prepackaged sandwiches, hot dogs, and hamburgers. All units, however, include gift shops. Stuckey's units are located near interstate highways, and sell souvenirs targeted at tourists/travelers. Stuckey's is, in fact, known for its pecan rolls and chocolates, which the company manufactures.

20

RANKING BY SALES GROWTH

PAPA GINO'S

Watertown, MA

RANKING BY UNIT GROWTH: 26

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$134.0	$104.1
Number of Units	200	177

With units in the Northeastern states, Papa Gino's is a self-service Italian specialty concept; customers place their orders at the cashier station, and pick them up when their number is announced. The restaurants serve pizza, in both regular and thick-crust versions, as well as pasta dishes, Italian heroes, salads, and other items at a moderate price. Quality of ingredients, especially the hand-made pizza shells, is emphasized. The company hopes to expand further in New England.

21

RANKING BY SALES GROWTH

CRACKER BARREL OLD COUNTRY STORE

Lebanon, TN

RANKING BY UNIT GROWTH: 28

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$110.6	$88.2
Number of Units	55	49

Cracker Barrel Old Country Stores are moderately priced, full-service operations featuring country-style cooking and gift shops. Freestanding units are located near or adjacent to interstate highway exchanges, though about half the restaurants' customers are local. Of the chain's country-style menu offerings, country ham is the single largest volume item, representing just under 10% of sales. Units have two dining rooms, and gift shops account for approximately 20% of floor space.

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22 RANKING BY SALES GROWTH

PANTERA'S PIZZA (Pantera's Corp.)

St. Louis, MO

RANKING BY UNIT GROWTH: 12

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$52.0	$42.0
Number of Units	157	120

Pantera's Corp. is the owner and franchisor of both the Pantera's Pizza and Pizza Inn chains. Pantera's Pizza, the company's original concept, opened 37 restaurants last year while increasing sales by $10 million. Pantera's Pizza restaurants are self-service operations offering sit-down and carry-out service, and three types of pizza: thin-crust, pan-style, and thick-crust. During the lunch daypart, an all-you-can-eat buffet of pizza and salad is offered. Restaurants are either freestanding or located in neighborhood shopping centers.

23 RANKING BY SALES GROWTH

HOUSTON'S RESTAURANTS

Atlanta, GA

RANKING BY UNIT GROWTH: 37

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$58.2	$47.7
Number of Units	16	15

Houston's restaurants are most noted for their excellent value. The dinner-house chain grinds its own chuck for hamburgers, fillets fish daily on the premises, hand-cuts potatoes for fries, and squeezes oranges regularly for juice and mixed drinks. Among Houston's signature items are prime rib, Houston's Hawaiian Steak (grilled ribeye marinated in pineapple, soy, and ginger sauce), and barbecued ribs. Restaurants are located in Atlanta, Dallas, Houston, Ft. Lauderdale, Kansas City, Washington, DC, and Chicago.

24 RANKING BY SALES GROWTH

SPECIALTY RESTAURANTS CORP.

Anaheim, CA

RANKING BY UNIT GROWTH: 22

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$185.0	$152.0
Number of Units	80	70

Specialty Restaurants operates a number of diverse concepts, all full-service dinner houses. The restaurants feature adventurous and nostalgic motifs, donning names like the 94th Aero Squadron (aviation theme), Baby Doe's Matchless Mine (a Colorado mine motif), Tuxedo Charley's (a 1940s theme), and several others. The 94th Aero Squadron, with about 14 units, is the company's largest chain. Units are freestanding, and all feature a view of the landing strip of an active airport. Beef and seafood are featured on the menu.

25 RANKING BY SALES GROWTH

BIG 4 RESTAURANTS

Phoenix, AZ

RANKING BY UNIT GROWTH: 17

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$30.0	$25.0
Number of Units	16	13

Big 4 operates dinner houses under several different names. Among the company's restaurants are the Lunt Ave. Marble Club (a full-service theme restaurant), Oscar Taylor's (specializing in steaks and ribs), and Ed Debevic's Short Orders Deluxe (a 1950s diner concept). Big 4 restaurants are promotion-oriented, with frequent dinner promotions offered. The company, having experienced some trouble expanding beyond Arizona, has scaled back expansion plans and sold off some underperforming units.

26 RANKING BY SALES GROWTH

BAKERS SQUARE (VICORP)

Denver, CO

RANKING BY UNIT GROWTH: 19

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$155.8	$130.4
Number of Units	138	116

A family-oriented coffee-shop chain, Bakers Square specializes in freshly baked pies. With more than two dozen varieties, pies are available either whole or by the slice, and can be eaten in the restaurant or taken home. Lunch, dinner, and snacks are served, and about 25% of business is generated through carry-out orders. Other menu items include hamburgers, sandwiches, chicken pot pie, and pasta. Bakers Square restaurants were formerly operated by The Pillsbury Co. under the Poppin Fresh Pies name.

27 RANKING BY SALES GROWTH

JERRY'S SYSTEMS

Rockville, MD

RANKING BY UNIT GROWTH: 21

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$51.0	$43.0
Number of Units	80	69

Jerry's Systems operates and franchises a chain of Jerry's Sub Shops in the Virginia, Maryland, and Washington, DC, markets. The stores offer sit-down and carry-out service for lunch, dinner, snacks, and occasionally breakfast. Jerry's Sub Shops specialize in overstuffed submarine sandwiches (approximately 15 varieties in all), and all but shopping mall locations offer pizza and calzones as well. Pizza accounts for about 25% of sales. Further development in East Coast markets is called for.

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28 RANKING BY SALES GROWTH

NANCO ENTERPRISES

Santa Barbara, CA

RANKING BY UNIT GROWTH: 32

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$42.0	$36.0
Number of Units	21	19

Nanco Enterprises operates two different full-service chains: Elephant Bars and Jeremiah's Restaurants. Elephant Bars are family-style restaurants, serving salads, appetizers, and Italian, American, and Mexican specialties, and are frequently located near college campuses. They offer full service, have bars, and are located in Eastern and Western markets. Jeremiah's is a dinner-house chain. With units in California, Texas, and Nevada, the restaurants offer steaks, seafood, chicken, full bar service, and salad bars in some locations.

29 RANKING BY SALES GROWTH

PANCHO'S MEXICAN BUFFET

Fort Worth, TX

RANKING BY UNIT GROWTH: 25

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$50.0	$43.0
Number of Units	52	46

Pancho's Mexican Buffet restaurants are family-oriented, all-you-can-eat operations located in Southwestern states. For about $4, customers can help themselves to as much Mexican food as they like, or customers can choose from a number of moderately priced entrees. Buffets feature more than 20 items, including tamales, tacos, enchiladas, guacamole, nachos, rice, beans, and more. Sopapillas, a Mexican bread, is provided at the table. Children under six eat free. An additional 10 to 14 restaurants are slated to open this year.

30 RANKING BY SALES GROWTH

VELVET TURTLE

(American Restaurant Group)
Newport Beach, CA

RANKING BY UNIT GROWTH: 48

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$50.0	$43.0
Number of Units	21	21

A full-service, white-tablecloth dinner-house chain, Velvet Turtle is for the over-30 crowd. Average dinner check runs about $20 per person, with menu items including fresh fish and pasta, beef Wellington, barbecued shrimp, and rack of lamb. Velvet Turtle restaurants are freestanding and located in affluent neighborhoods and office buildings. Amercian Restaurant Group, headed by former W.R. Grace executive Anwar Soliman, acquired the chain when it acquired Saga's entire specialty restaurant group from Marriott Corp. last year.

31 RANKING BY SALES GROWTH

LEVY ORGANIZATION

Chicago, IL

RANKING BY UNIT GROWTH: 43

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$43.0	$37.0
Number of Units	23	22

A privately owned Midwestern real estate development concern, The Levy Organization has for several years been involved in restaurants. Largely in Chicago, Levy restaurants range from casual theme operations to fine dining. The company's flagship restaurant, Spiaggia, features fine northern Italian cuisine (entrees priced in the $20 range) and is located in Chicago's One Magnificent Mile tower. Hillary's, one of Levy's casual theme restaurants, offers more modest fare, such as grilled seafood, sandwiches, and quiche.

32 RANKING BY SALES GROWTH

TACO TIME

Eugene, OR

RANKING BY UNIT GROWTH: 35

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$86.0	$75.0
Number of Units	264	244

Taco Time is a chain of company-owned and franchised fast-service Mexican restaurants, whose principal markets are in the Northwestern states. Taco Time offers sit-down, carryout, and drive-thru service. Menu items include tacos, burritos, taco burgers, chili, and similar Mexican items. Fried fruit pies, called empanadas, are available for dessert, as are crustos, fried tortillas dusted with cinnamon. Nuggets Ole, a finger food item, consists of chunks of battered, deep-fried chicken, served with a choice of sauces.

33 RANKING BY SALES GROWTH

TOGO'S

Campbell, CA

RANKING BY UNIT GROWTH: 31

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$48.0	$42.0
Number of Units	113	102

Togo's operates and franchises a chain of quick-service sandwich shops. The units are located in California, Oregon, and Nevada, with the greatest concentration of sandwich shops in California. Togo's sandwich shops are self-service operations with seating and take-out facilities, and are among the highest-grossing sandwich shops in the industry. The shops are open for lunch and dinner. Wine and beer are offered on the menu, and interiors are designed to be more upscale than most sandwich shops.

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34 RANKING BY SALES GROWTH

PETER PIPER PIZZA

Phoenix, AZ

RANKING BY UNIT GROWTH: 38

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$59.2	$51.9
Number of Units	109	103

Peter Piper Inc. operates and franchises self-service, family-oriented Peter Piper Pizza restaurants in Western and Northwestern states. Dinner represents the majority of sales (about 80%), with take-out orders accounting for approximately 60% of that. The menu consists of a variety of thin-crust pizza, salads, and soft drinks. Pizza toppings vary from region to region. The restaurants, which typically seat 200, are primarily located in shopping strips. The company has also acquired other pizza restaurants for conversion.

35 RANKING BY SALES GROWTH

ROCKY ROCOCO

Madison, WI

RANKING BY UNIT GROWTH: 34

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$68.4	$60.0
Number of Units	125	114

Rocky Rococo restaurants are self-service pizza operations, though after it is ordered, food is delivered to the table. The restaurants offer Chicago-style, deep-dish pizza either by the pie or the slice. Pizzas are prepared either with white or whole wheat crust, and toppings include sausage, pepperoni, mushrooms, and special monthly varieties. A salad bar is also available, featuring vegetables, fruits, and other ingredients. Units are located in Midwestern states, and are either freestanding or in shopping centers and malls.

36 RANKING BY SALES GROWTH

SPECTRUM FOODS

(American Restaurant Group)
Newport Beach, CA

RANKING BY UNIT GROWTH: 20

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$41.0	$36.0
Number of Units	14	12

Spectrum Foods operates specialty dinner houses in California. Restaurants such as Chianti, Prego, Ciao, Speidini, and Sputino specialize in northern Italian cuisine, while MacArthur Park restaurants offer smoked ribs and grilled steak and seafood. Harry's Bar and American Grill offers a combination of both cuisines. Spectrum, part of Saga's specialty restaurant division when Saga was acquired by Marriott, was then acquired by American Restaurant Group last year. The acquisition included five different restaurant groups.

37 RANKING BY SALES GROWTH

BOBBY McGEE'S CONGLOMERATION

Phoenix, AZ

RANKING BY UNIT GROWTH: 39

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$51.0	$45.0
Number of Units	19	18

Bobby McGee's U.S.A. Inc. owns and operates these "fun-and-food" dinner houses in Sunbelt states. Most Bobby McGee's restaurants open at 5 p.m. for dinner, followed by late-night entertainment and snacks. The full-service concept features costumed waiters and waitresses portraying popular characters. The restaurants are known for their salad bars, which are housed in bath tubs. Entrees include steaks, prime rib, shrimp, crêpes, and a number of specials. The company is reportedly pursuing a franchise program.

38 RANKING BY SALES GROWTH

BLIMPIE (Astor Restaurant Group)

New York, NY

RANKING BY UNIT GROWTH: 24

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$106.4	$94.0
Number of Units	300	265

Astor Restaurant Group is the franchisor of Blimpie sandwich shops. Blimpie offers 6-inch or 12-inch submarine sandwiches filled with freshly cut meats, cheeses, shredded lettuce, tomato, and onion. Most Blimpie restaurants are located in downtown locations, and typically offer seating for 60 to 70 customers. Blimpie, one of the oldest sandwich shop chains in the country, is heavily concentrated in East Coast states. Further geographical expansion is planned, however.

39 RANKING BY SALES GROWTH

FAMOUS RESTAURANTS

Scottsdale, AZ

RANKING BY UNIT GROWTH: 50

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$76.6	$67.7
Number of Units	42	44

Famous Restaurants operates Garcia's Mexican Restaurants, a chain of full-service, moderately priced Mexican dinner houses, and the seafood dinner houses Famous Fish Co., Famous Enterprise, and Famous Pacific Fish. A newer concept, Caribbean Grill, specializes in Mexican cuisine, grilled fish, and tropical drinks. Garcia's, the oldest concept, accounts for the majority of Famous's restaurants. However, the company is closing or selling underperforming restaurants in favor of further expanding its newer restaurants.

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40

RANKING BY SALES GROWTH

CAROUSEL SNACK BAR OF AMERICA

Minneapolis, MN

RANKING BY UNIT GROWTH: 23

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$46.8	$41.4
Number of Units	313	276

Carousel Snack Bars operate under 11 different names in suburban malls nationally. Operating names include Carousel Snack Bar, The Great Hot Dog Experience, Hot Dog & Hamburger Emporium, and Orange Saloon. In 1986, Carousel acquired the 44-unit Famous Ramos chain, which included hot dog bars, potato bars, and other stores. Carousel's Mama Rigatoni concept features pizza (whole or by the slice) and Italian sandwiches. The company develops specific snack bars according to individual mall needs.

41

RANKING BY SALES GROWTH

MARIE CALLENDER PIE SHOPS (Ramada Inns)

Phoenix, AZ

RANKING BY UNIT GROWTH: 44

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$220.0	$196.0
Number of Units	130	127

Ramada Inns owns, operates, and franchises the Marie Callender chain (about half are company-owned, the rest franchised or operated under joint venture arrangements). Marie Callender restaurants are full-service operations serving lunch and dinner. Menu includes soups, pastas, sandwiches, salads, hamburgers, and about 35 different pies; pies, in fact, account for about 25% of sales. Bread and pies are baked on the premises daily. Most restaurants are located in California. Many units serve liquor.

42

RANKING BY SALES GROWTH

SIRLOIN STOCKADE

Hutchinson, KS

RANKING BY UNIT GROWTH: 29

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$45.1	$40.2
Number of Units	66	59

Predominantly franchised, Sirloin Stockade restaurants are family-style steak houses open for lunch and dinner. Menu includes a variety of steaks, seafood, chicken, hamburgers, and beef kabobs. Dinners are served with soup, salad bar, potato, and beverage (no alcohol available). Most Sirloin Stockade restaurants are located in Oklahoma, Texas, and Kansas. Though long a self-service format, the restaurants are being converted into full-service operations, with updated decor and broadened menu selections.

43

RANKING BY SALES GROWTH

MISTER DONUT (International Multifoods)

Minneapolis, MN

RANKING BY UNIT GROWTH: 49

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$169.0	$151.0
Number of Units	535	543

Though the number of units declined in 1987, total sales volumes increased for the Mister Donut chain. Mister Donut shops are fast-service doughnut operations offering take-out and sit-down service. About 50 varieties of doughnuts are offered, as are cookies, sweet rolls, and muffins. In addition to the 535 domestic units, Mister Donut includes more than 100 shops in international markets. The company has also experimented with joint concept sites with International Dairy Queen in the U.S.

44

RANKING BY SALES GROWTH

BOB EVANS RESTAURANTS

Columbus, OH

RANKING BY UNIT GROWTH: 27

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$257.8	$230.9
Number of Units	194	172

An outgrowth of its sausage manufacturing business, Bob Evans are family-style restaurants featuring sausage. Breakfast is served all day, emphasizing such items as eggs, biscuits, and grits. Southern-style specialties like pork barbecue and fried catfish are featured at lunch and dinner. Bob Evans restaurants are company-owned, designed to resemble a farm house, and are all freestanding. Last year, in an effort to expand into Texas, the company acquired Owens Country Sausage Inc. The Owens name will be used in restaurants in that region.

45

RANKING BY SALES GROWTH

FOSTERS FREEZE

Arroyo Grande, CA

RANKING BY UNIT GROWTH: 30

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$89.0	$80.0
Number of Units	176	158

Fosters Freeze operates and franchises soft-serve ice cream stores. The Fosters Freeze units offer full service and fountain service, and are primarily located in California. In addition to cones, sundaes, and shakes, restaurants offer hamburgers, hot dogs, fish sandwiches, and fries. Fountian service accounts for the majority of sales. Some locations also offer tacos and burritos. New units being built have seating for up to 100, as well as drive-thru facilities. The company is looking to expand into other Southwestern states.

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46 RANKING BY SALES GROWTH

DINO'S/CRUSTY'S USA INC.

Livonia, MI

RANKING BY UNIT GROWTH: 36

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$50.0	$45.0
Number of Units	204	190

Dino's and Crusty's both specialize in pizza. Dino's is a full-service operation with franchised units in Florida; Crusty's is a take-out and delivery chain with units that are both company-owned and franchised in several states. While Crusty's offers only pizza, Dino's offers other Italian specialty items, as well as beer, wine, and liquor. Having originated in Michigan, existing Dino's restaurants there are being converted into Crusty's, the company's expansion vehicle. Crusty's units are principally located in Southeastern markets.

47 RANKING BY SALES GROWTH

CHICK-FIL-A

Atlanta, GA

RANKING BY UNIT GROWTH: 42

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$202.7	$182.8
Number of Units	363	346

Chick-fil-A is a chain of fast-service chicken restaurants almost expressly located in shopping malls. The chain's signature item is a boneless breast of chicken, coated with seasonings and cooked in peanut oil. Though Chick-fil-A units are located in more than 30 states, the majority are in Georgia and the Carolinas. The company does not sell franchises. Rather, units operate as partnerships between operators and the company. The first freestanding Chick-fil-A opened in Atlanta in 1986.

48 RANKING BY SALES GROWTH

TRADER VIC'S RESTAURANTS

San Francisco, CA

RANKING BY UNIT GROWTH: 33

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$38.7	$35.0
Number of Units	21	19

Trader Vic's Restaurants is an international, family-owned group operating Trader Vic's restaurants in the U.S. and abroad. The restaurants, which specialize in Polynesian cuisine, are full-service, and are elaborately decorated in Polynesian style. The restaurants' central focus is a Chinese oven, where a variety of meats and fish are cooked. Specialties include Cosmo Tidbits, a pu pu platter with fried prawns, sliced pork, and other items. Exotic drinks, the Mai Tai being the most prominent, are also a specialty.

49 RANKING BY SALES GROWTH

TACO JOHN'S

Cheyenne, WY

RANKING BY UNIT GROWTH: 41

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$102.6	$93.0
Number of Units	421	401

Predominantly franchised, Taco John's restaurants offer fast-service Mexican food. Restaurants offer seating, take-out, and drive-thru facilities in most cases. Signature items include the Taco Bravo (a taco wrapped in a flour tortilla with refried beans), and Potatoes Ole (lightly seasoned, fried puffs). Dinner entrees are also available, typically consisting of traditional Mexican items (burritos, enchiladas, tacos, etc.) accompanied by rice and beans. Major markets are in the Northwest, Midwest, Florida, and the Carolinas.

50 RANKING BY SALES GROWTH

WIENERSCHNITZEL (Galardi Group)

Newport Beach, CA

RANKING BY UNIT GROWTH: 46

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	$109.0	$99.0
Number of Units	273	272

Having spent the past few years diversifying into other menu categories, Wienerschnitzel is returning to its primary focus: hot dogs. The mostly franchised chain offers a variety of hot dogs in a fast-service format. Though the company continues to offer items like hamburgers, hot dogs account for the majority of sales. Big 'N Beefy, for instance, is a large beef hot dog served on a sesame bun and smothered in cheese or meat sauce. The company is refurbishing restaurants, and plans to build larger units than the original 800-sq.-ft. models.

DEFINITION OF GROWTH CHAINS

- Only companies with a nominal growth rate of 10% or more in dollar sales from 1986 to 1987 were included.
- **Companies** are included if 1987 U.S. systemwide sales were between $33 million and $300 million. Qualifying companies with distinct, separable **chains** are broken out further at the chain level; e.g., Bay Street is broken out from Pillsbury.
- Franchisees are excluded to prevent double-counting; e.g., National Pizza Co. is excluded.
- Chains are defined as operations with 10 or more units; definition includes operations with diverse concepts, such as the Levy Organization.

Sources: Technomic Inc. and *Restaurant Business*

SEAFOOD

Seafood consumption continues to rise, and the segment still offers abundant opportunity for expansion.

BY JACQUE KOCHAK

Seafood consumption continues to rise, having reached 15.4 pounds per person in 1987—an increase of almost three quarters of a pound over the previous year. Operators of seafood restaurants are heartened by Americans' continuing interest in seafood, and the segment still seems to offer abundant opportunity and room for expansion. After all, statistics show that Americans eat two thirds of that seafood in restaurants; they're still timid about preparing it at home.

In restaurants, customers are more sophisticated about seafood. They're willing to experiment with different varieties and preparations.

"Anything out of the water sells today," says Jon Rowley of Fish Works!, a Seattle consulting firm. "The term 'trash fish' is obsolete."

"Today, customers want to know not just that this is salmon, but that it is Copper River salmon," adds David Johnson, senior director of purchasing and distribution for Seattle-based Restaurants Unlimited.

THE NEW STYLE. Style of cooking is also receiving more attention, with emphasis on simple preparations. "You're no longer on the leading edge if you're just bringing in fresh swordfish and scallops. Preparation styles are trendy," notes Miles Wilcox, sales manager for the fish wholesaling company that is part of Traditional Concepts Inc., owner of Jake's Famous Crawfish and 11 other sister concepts.

Along with the increased knowledgeability of customers comes an increased demand for quality, which is having repercussions all the way down the supply lines. As customers demand quality, restaurateurs exert increased demand on suppliers, who pressure the fishermen themselves to handle their catch properly.

In Boston, Legal Sea Foods purchases directly from fishermen.

"If it isn't frozen, fishermen call it fresh, no matter how it has been handled," notes Jerry Barron, director of operations for Jake's Famous Crawfish. "But fishermen are finding out that they can get good money for well-treated and handled fish, because the public is catching on."

Customers are also showing concern about where a fish comes from, because of news about pollution of coastal waters. Education of waitstaff is very important.

The segment is also plagued by nagging concerns about prices and availability of different species. Fish con

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Jacque Kochak is a freelance writer based in White Plains, NY.

Customers today are more sophisticated about seafood, and are willing to experiment with new varieties and preparations.

sumption has risen steadily since 1961, when the average American ate less than 11 pounds each year. The most rapid increase has been since 1982; fish consumption has increased by 25%. In total, Americans increased their consumption of seafood by about 150 million pounds just this year. And demand has affected supply.

"Fresh fish is certainly no less important than it has been, but I don't know how much more the supply can grow," says Rick Giboney, Restaurants Unlimited's vice president of marketing. "It is getting expensive. You might call it 'fish inflation'."

Consumption trends are spurring the aquaculture industry. The species most farmed are trout, catfish, shrimp, mussels, oysters, and salmon, says Clare Vanderbeek, director of promotions and public relations for the Washington, DC-based National Fisheries Institute. Not all species can be farmed, but there is experimentation with such species as hybrid rockfish, redfish, crawfish, and lobster.

The price of seafood has been affected not only by increasing consumption but by international trade conditions. Over two thirds of the seafood used in the country is imported, so international currency rates affect price.

The largest seafood operators are not so worried about supply because they have networks of buyers or have aligned themselves with large and trusted wholesalers.

Aquaculture has stabilized supplies and costs of species that can be successfully bred. Pictured is a broiled farm-raised trout.

PHOTOGRAPH COURTESY OF NATIONAL FISHERIES INSTITUTE

STAND OUT. In a segment dominated by independents, Orlando, FL-based Red Lobster stands out. A division of General Mills Restaurant Group, the company is proof that a seafood dinner-house concept can be executed successfully on a chain basis.

Red Lobster now has 428 units in 36 states, all company-owned, with expansion continuing at an aggressive pace. The company recently acquired California's Seafood Broiler chain, and those 28 units are being converted to Red Lobsters.

Sales for fiscal 1988 topped $1 billion, and guest counts on a per-unit basis increased by 3.5% over last year. Average unit volumes reached $2.5 million. The company hopes to open 20 units next year, with expansion in the Northwest for the first time. Red Lobster is also increasing penetration in many Eastern seaboard markets, says Dick Monroe, the company's director of public relations.

In a segment that is plagued by questions about supply and price, Red Lobster is a very significant factor. The company purchases over 50 million pounds of seafood a year, and during its Lobsterfest promotion in the summer sells about 600,000 pounds of live Maine lobster.

Seafood dinner-house chains have been slow to expand because of the expertise required to handle such a highly perishable commodity. Red Lobster has a sophisticated ordering system to ensure the delivery of fresh fish to

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Americans eat two thirds of their seafood in restaurants because they're still timid about preparing it at home.

units all over the U.S. The general manager at each restaurant is responsible for planning the daily menu. Using his computer, he calls up a list of fish currently available, then places his order. The seafood is air-freighted the next day, no more than 24 hours off the boat. Orders arrive packed in dry ice, and the the temperature is checked. If it is too high, the order is rejected.

Red Lobster buys seafood from 32 countries. The company does not buy from any supplier without first checking the plant and fishing boats. Says Monroe, "We do not shop price; we want quality."

Except for Red Lobster, the other major chains in the segment are all fast service. Of these, the most significant is Long John Silver's.

Lexington, KY-based Long John Silver Seafood Shoppes Inc. operates 1,500 units, 213 of them company-owned, throughout the U.S. The company opened 65 new units last year, and plans to open about the same number this year, says Robert McDevitt, senior vice president of marketing.

Long John Silver's has expanded its menu, becoming more of a seafood restaurant. Shellfish is now emphasized, having been added to combination platters. Part of the reason is the relative price imbalance between finfish and shellfish; shellfish has been more reasonably priced and more readily available. "However, we're pleased to see that after an 18-month increase, codfish prices are beginning to fall, and we'll be more aggressive in featuring our signature product, batter-fried cod," McDevitt says.

McDevitt adds that Long John Silver's is continuing to test broiled fish and shrimp. Currently, about 150 units have broiled items on the menu.

Another major player is Nashville-based Captain D's, a division of Shoney's Inc. The 574-unit chain posted sales of nearly $200 million in 1987. Average unit sales are $631,000; however, 22 company-owned Captain D's reported sales of over $1 million. Sales overall were up 10% over the previous year, with comparable store sales up 2.1%.

NEW VISIBILITY. During 1987, Captain D's introduced a new building design to increase visibility from the street. The building features a stucco-like finish and a blue metal roof with cantilevered lighting. Improved lighting highlights the interior, which seats up to 94 customers.

Captain D's menu features fried fish and chicken filets, clams, shrimp, stuffed crab in a natural shell, seafood and tossed salads, hamburgers, fries, hush puppies, green and white beans, fried okra, and rice. Grilled flounder was added to the menu last year.

Captain D's generates almost a third of Shoney's total revenues. Shoney's recently underwent recapitalization, which the company viewed as an important step in its transition from a growth company to a mature company. The company also stepped up franchis-

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Catfish is a species that is easily cultivated and is enjoying greater popularity. Pictured is farm-raised catfish.

ing operations following the recapitalization action. To help reduce debt incurred in connection with a special dividend of $20 per share to stockholders, the company has curtailed its expansion of company units.

ENHANCED IMAGE. In the Northwest, Bellevue, WA-based Skipper's Inc. has halted franchising to concentrate on image enhancement. The 207-unit chain's reorganization is expected to take about two years. The company is updating its units, which haven't been remodeled since the late 1970s.

Skipper's systemwide sales were $94.6 million last year, a mere 1% increase over the previous year.

Youngstown, OH-based Arthur Treacher's Inc., with 100 units in the Northeast, is preparing for a fairly rapid expansion phase, according to president James Cataland. About seven units were opened last year. But, over the next year, at least one new unit will open every month. Almost all new units will be located in shopping mall food courts. As part of the emphasis on mall locations, Treacher's is experimenting with finger foods, such as crab nuggets and breaded scallops.

Outside of the fast-food arena, most seafood restaurant chains are small and regional. Portland, OR-based Traditional Concepts Inc. boasts a significant presence in the Northwest with its 11 restaurants in Oregon, Washington, California, and Colorado. A twelfth restaurant will open in Irvine, CA.

Mountlake Terrace, WA-based Sea Galley Stores Inc. is continuing a program of "freshening up" the decor of its sailing-themed units.

As customers demand quality, restaurateurs increase demand on suppliers, who pressure fishermen to handle their catch properly.

The "mother ship" of the company is the venerable Jake's Famous Crawfish, a turn-of-the-century fish house. Jake's first opened in 1892 and was bought by Traditional Concepts in 1971, says Jerry Barron, the company's director of operations.

The 200-seat restaurant is located in a less desirable part of town, but because of its reputation, 40% of dining room sales are from customers coming from outside a 100-mile radius.

The menu is quite large, with at least 95% of selections being seafood. A daily selection of 25 to 35 fresh seafood items is offered on a Fresh Sheet printed each morning; the sheet also lists 15 to 20 daily specials.

The company's owners, Bill McCormick and Doug Schmick, don't release sales figures, but Barron will say that sales are "booming." Jake's serves in excess of 500 dinners an evening, with an average check of $25.

The company also operates several McCormick's Fish Houses that are similar to Jake's Famous Crawfish. The menus at the 100- to 165-seat restaurants are also 95% seafood. McCormick's Fish Houses are located in Seattle, Beaverton, OR, and Denver.

The McCormick & Schmick concept is Traditional Concepts' "new generation," says Barron. Three McCormick & Schmick's are open, in Seattle, Portland, and San Diego. Another will open in Irvine, CA, early next year. The concept features the same menu, with the addition of game and red meat.

Traditional Concepts' Harborside Restaurant and Shanghai Bar in Portland is two concepts in one. The restaurant's broad menu promotes grazing. A range of 120 items includes entrees as diverse as gourmet pizza and blackened sturgeon. The nightclub's decor is dominated by light and wood. The lounge features a professional concert stage, lighting, and sound system adjacent to a 500-sq.-ft. dance floor.

The company is moving toward an amalgamation of different concepts. The San Diego McCormick & Schmick's is combined with a Shanghai Bar in a huge 15,000-sq.-ft. facility spread over three levels.

RESEARCH. Management of Ocean Avenue Seafoods in Santa Monica, CA, spent more than two years researching fish and seafood before the restaurant opened, says owner Sam King. The King family has operated coffee shops since 1945, and in more recent years, operated 555 East and the Pine Avenue Grill, both in Long Beach, CA.

The 275-seat Ocean Avenue Seafoods opened in May 1987. It serves 35 to 40 different fresh fish items on a menu that changes daily. The menu is complemented by a wine list that of-

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fers more than 50 chardonnays.

Multi-unit operator Seattle-based Restaurants Unlimited derives at least 60% of its total sales from seafood, says Rick Giboney, vice president of marketing. The company operates 18 restaurants in Washington, Oregon, California, Alaska, and Hawaii, as well as one in Minneapolis, MN. Three more restaurants are under construction, including one in Philadelphia. Sales for fiscal year 1988 are estimated to reach $80 million, including sales from a bakeshop subsidiary, Cinnabon.

DIRECTLY FROM THE SOURCE. As customers become more demanding about quality, some restaurateurs are bypassing distributors and going directly to the source.

Chicago-based Lettuce Entertain You Enterprises (LEYE) purchases from fishermen or fish farmers for its Shaw's Crab House and other restaurants.

"It's expensive, but we can justify the cost because of our volume," says Kevin Brown, a partner in LEY and vice president of the Shaw's division. "We get the product faster, and we are able to build relationships with the fishermen."

Shaw's is modeled on traditional East Coast seafood houses, with a broad menu ranging in price from $3.95 to $18.95. The original restaurant, which seats 350, also includes the Blue Crab Lounge, is basically a raw bar featuring oysters, clams, lobster, and crab dishes.

Allston, MA-based Legal Sea Foods also buys directly from fishermen who dock in Boston. In fact, 35 lobster boats fish for the company's six restaurants. The restaurants specialize in American seafood, mostly from the cold waters of the North Atlantic. About 80% of the constantly changing menu is codfish, mackerel, bluefish, halibut, and striped bass, according to president George Berkowitz.

The company cuts all its own fish for restaurants, and maintains its own lab to test oysters and shellfish. "We started out as fish people, operating a fish market," says Berkowitz. "We're one up on a lot of restaurants because we really understand fish."

The menu at a Legal Sea Foods restaurant is about 99% fish, with 30 to 40 varieties offered daily. The restaurants seat from 200 to 350 people, and

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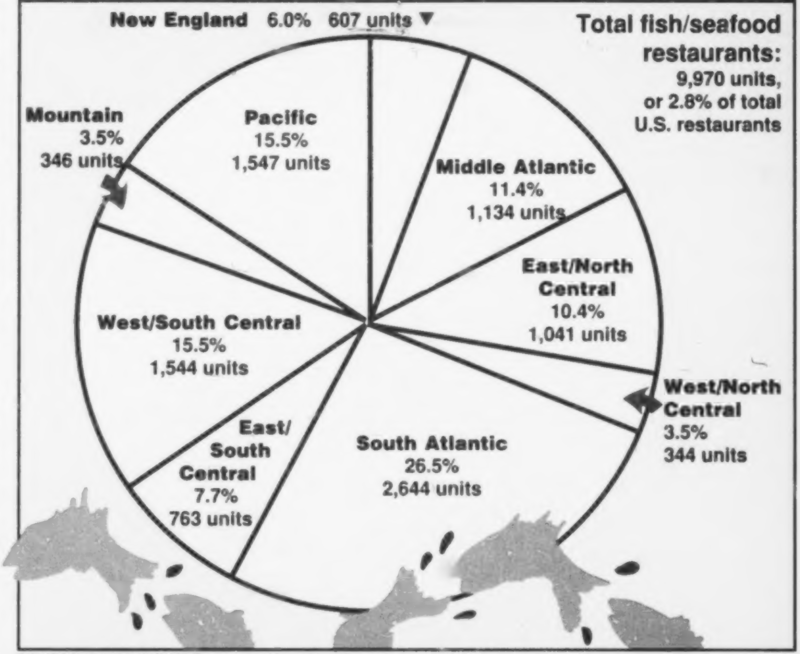
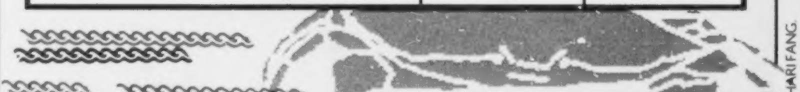
CONSUMPTION FOLLOWS COASTLINE



SOURCE: RE-COUNT '87, Restaurant Consulting Group Inc.

TOP FIVE SEAFOOD CHAINS

	No. Units	1987 Sales
RED LOBSTER General Mills Restaurant Group Orlando, FL	428	$1 billion
LONG JOHN SILVER SEAFOOD SHOPPES Lexington, KY	1,450	$750 million
CAPTAIN D'S Shoney's Inc. Nashville, TN	574	$200 million
SKIPPER'S INC. Bellevue, WA	207	$94.6 million
ARTHUR TREACHER'S INC. Youngstown, OH	127	$35 million



CHARTS BY SHARI FANG.

the average check is about $23.

Legal Sea Foods recently experimented with an unusual departure for a seafood restaurant by promoting Shandong cuisine, from the Northeast region of China. George's son Roger became acquainted with Nina Simons, an expert on Chinese cuisine, and the two initiated contacts through the Chinese government to allow two chefs to travel from Shandong to the U.S. Shandong cuisine makes extensive use of fish. The Shandong dishes are still on the menu, and are still popular."

CRAB SPECIALTIES. A small chain with a different focus is Miami-based Capt. Crab Inc., with four full-service Crab Houses in Miami and Ft. Lauderdale, FL, and Atlanta. Another unit is under construction in Orlando. The company also operates four Capt. Crab's Take-Away fast-serve drive-thru units. Both concepts are being expanded, and a new 1,000-sq.-ft. Capt. Crab double-drive-thru prototype is under development.

Capt. Crab's menu is limited compared to The Crab House's, but nonetheless it is quite sophisticated for a fast-food operation. The specialty is garlic crabs sold by the bucket. Also available are steamed crabs, fried shrimp, catfish, garlic and hot spiced shrimp, crab cakes, homemade clam chowder and crab soup, conch fritters, conch salad, fried conch, and a few sandwiches. A Captain's Combo combines garlic crabs with a choice of shrimp, catfish, or conch, served with parslied potatoes and coleslaw.

Even in the tiny, 1,000-sq.-ft. prototype, all food is made to order. Sauces, soups, Key lime pie, and all breadings are made from scratch in the units.

The Crab House dinner houses offer a full seafood menu, with everything made from scratch. In addition to a raw bar, the restaurants also offer all-you-can-eat seafood salad bars, with 25 salad dishes, freshly shucked oysters and clams, cold steamed shrimp, mussels, and crab claws. Average check is $17 to $20, says executive vice president Gary Scharps.

Both decor and menus are tailored somewhat to local markets, adds Scharps. For example, the Miami Crab House caters to tourists, so the restaurant plays up the local crab-house ambience, very "down home" and rustic, with newspapers on the tables.

FAMILY TRADE. In the Northwest, Sea Galley Stores Inc., with corporate offices in Mountlake Terrace, WA, caters to the family trade. The company operates 41 units; all but seven are company-owned. Average unit volumes are $1.3 million. Systemwide sales in 1987 were about $53 million.

The company will be expanding this year, primarily in smaller cities with

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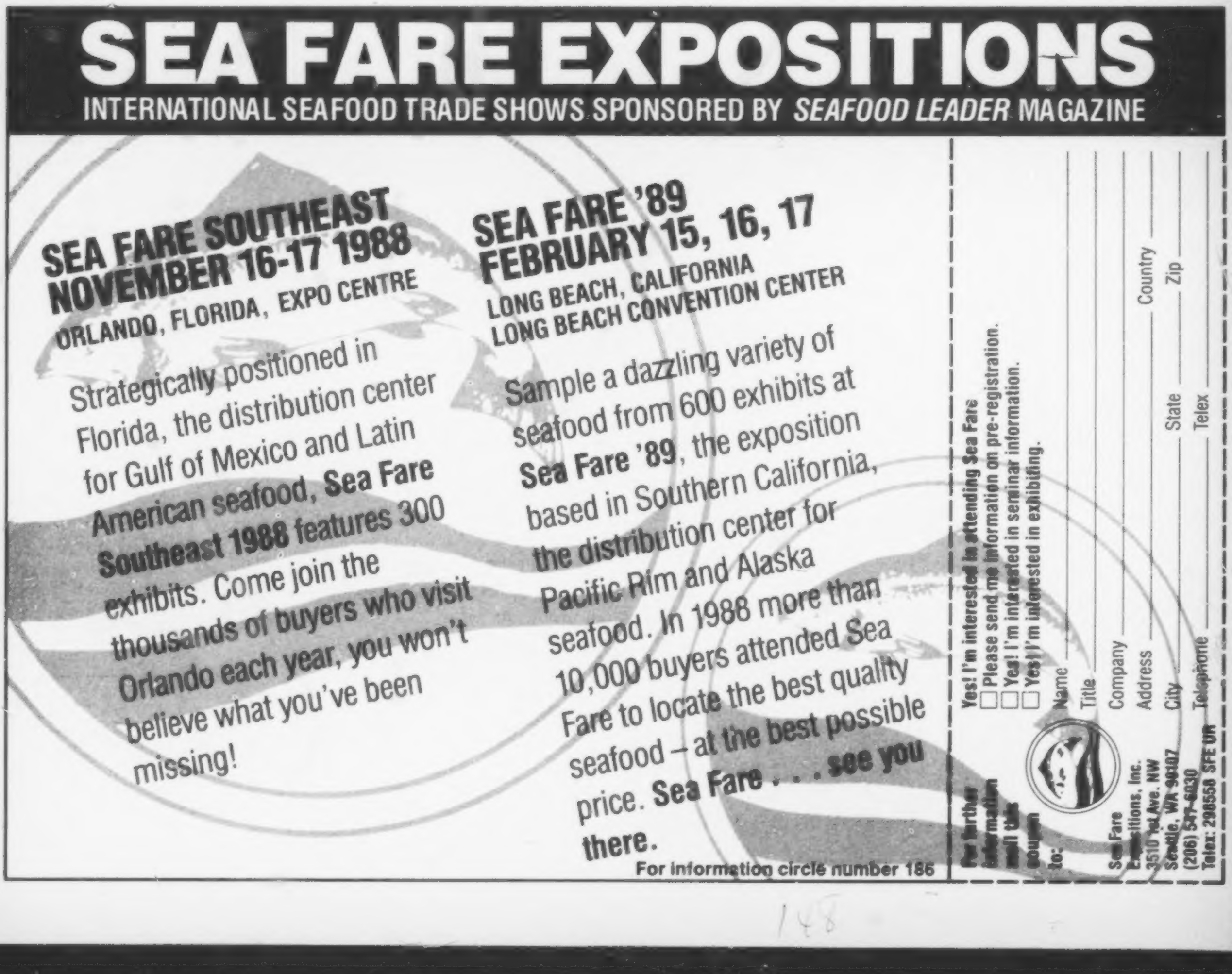

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Waitstaff need to be thoroughly educated about seafood menus to be able to knowledgeably answer customers' questions.

populations of 100,000 to 150,000, says Perry Champion, sales promotion manager. "However, our expansion will be conservative," he adds. Champion says that the market for low-priced to medium-priced seafood is competitive, but Sea Galley's sales are up over last year and the company just completed one of its best quarters ever.

To emphasize its modest prices, the menu is divided into $5.99, $6.99, and $7.99 sections. Available for $5.99 are beer-battered fish and chips, clam strips, and grilled snapper. Teriyaki chicken, deep-fried calamari with aioli sauce, blackened snapper, and the all-you-can-eat soup and salad bar are priced at $6.99, and sole almondine, stuffed snapper with mushroom hollandaise, breaded shrimp, a stuffed chicken breast, and breaded oysters are priced at $7.99.

Garlic crabs, sold by the bucket, are the specialty of Miami-based Capt. Crab Inc., which operates both full-service and fast-food concepts.

More expensive selections are flounder stuffed with crab meat, shrimp, and Monterey Jack cheese for $8.99; coho salmon stuffed with crab and shrimp for $9.99; and Dungeness crab legs for $13.99.

Sea Galley Stores is continuing a program of "freshening up" units. In 1985, the company undertook a program of complete revamping, but it was too expensive. The program was modified and now costs only a fourth of what the original program cost.

Because of concerns about stable supplies, some operators are emphasizing farm-raised species on menus. John Folse, owner/executive chef of Lafitte's Landing, is actively promoting catfish on his menu. Located 40 miles outside of New Orleans, Lafitte's Landing serves indigenous Louisiana cooking, especially Cajun.

"I got interested in catfish about three years ago when the supply of fresh fish from the Gulf began to dwindle," says Folse. "We use a lot of catfish in Louisiana, but it is the wild variety. It was difficult for me to consider using catfish in a white-tablecloth restaurant, but I was surprised to find out how different farm-raised catfish is from the wild variety."

Folse says that at first waitstaff had to educate customers about farm-raised catfish. Now it is a mainstay on his menu. At Lafitte's Landing, appetizers include catfish in puff pastry with champagne sauce and catfish beignets. Soups include catfish gumbo. An unusual entree is a catfish filet shaped into a turban, stuffed with crawfish, baked, and presented on a plate of Cajun butter sauce with a touch of hollandaise sauce.

FUTURE OUTLOOK. If supplies continue to grow, seafood consumption should also grow. The outlook is optimistic because increased fish farming and new international sources of fish are boosting supplies. Nevertheless, restaurateurs can't take seafood sales for granted. Today's consumer is very sophisticated, curious about new varieties of seafood, and uncompromising in his demand for quality.

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Restaurant Business

A BILL PUBLICATION

SEPTEMBER 20, 1988

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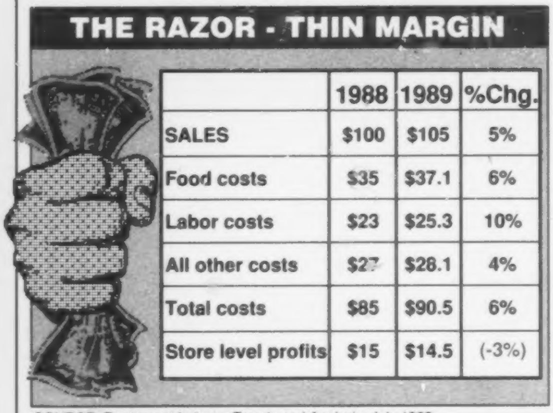
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell



THE RAZOR - THIN MARGIN

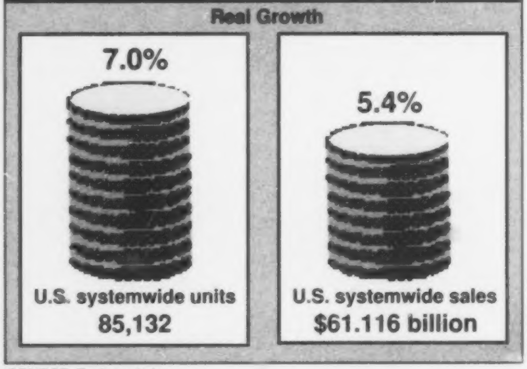
	1988	1989	%Chg.
SALES	$100	$105	5%
Food costs	$35	$37.1	6%
Labor costs	$23	$25.3	10%
All other costs	$27	$28.1	4%
Total costs	$85	$90.5	6%
Store level profits	$15	$14.5	(-3%)

SOURCE: Restaurant Industry Trends and Analysis, July 1988, Montgomery Securities

Food and Labor Costs Could Pinch Profits

With food cost inflation predicted at 5% to 7% through 1989, and labor costs expected to rise 5% to 15% with the enactment of new minimum wage legislation, operators should brace themselves for slimmer margins, according to a recent report by Montgomery Securities in San Francisco. Even with a menu price increase of 5%, operators would face a 3% decline in profitability at the end of a year. And, as the report points out, "it would be difficult for most restaurant companies to raise prices more than 5% without experiencing an erosion in customer traffic."

THE TOP 100 IN 1987

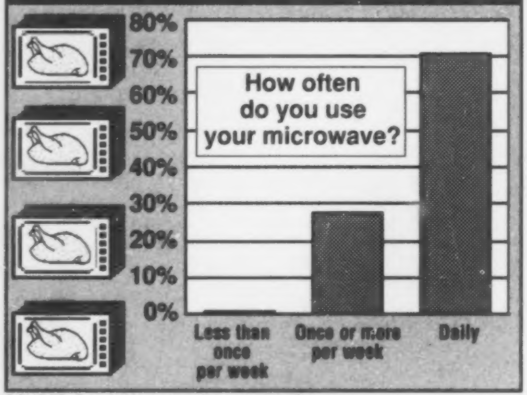


SOURCE: Technomic Inc.

1987 Growth Termed Respectable

Sales growth among Technomic's Top 100 restaurant companies was "respectable" last year, as opposed to "sluggish" in 1986, according to the company's 1988 Update and Analysis. The Top 100 also increased their share of separate eating place sales by 0.1%, to 49.5%. Unit growth once again outpaced sales growth; by the end of 1987, the Top 100 operated 85,132 stores, up 5,548, or 7%, over 1986. While the largest sales increase belonged to McDonald's ($1.04 billion), the largest unit increase was generated by Milford, CT-based Subway Sandwiches & Salads (819 units).

THE MICROWAVE REVOLUTION



SOURCE: Parade Magazine - What America Eats. Conducted by Mark Clements Research Inc., 1988

Microwaves: Threat or Opportunity?

Seventy-five percent of Americans surveyed for *Parade* magazine's attitudinal study, "What America Eats," own microwave ovens—and what's more, they're using them. Often. Among more than 2,000 respondents nationwide, a microwave is used an average of 6.2 times per week; more than 70% of respondents use the oven daily; and only about 1% use it less than once a week. Savvy operators who sell take-out foods would do well to take note: More than 50% of respondents buy food specifically for use in the microwave, especially items with microwave instructions.

CHARTS DESIGNED BY SHARI FANG

RESTAURANT BUSINESS

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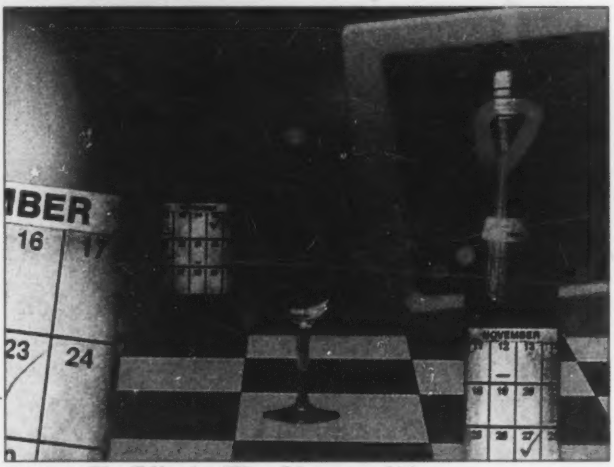

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Cover Story

RESTAURANT GROWTH INDEX. *The 21st Annual Restaurant Growth Index is* Restaurant Business' *exclusive state-of-the-industry analysis. Presented in two sections—market segment reports and statistical tables—the Restaurant Growth Index functions as a complete tool for evaluating the potential of both industry segments and geographic markets. Included are reports on trends and sales performance within the eight major market segments—separate eating and drinking places, hotel/motel, transportation, leisure, retail, business and industry, student, and health care—as well as a comprehensive package of statistical information, grouped by Metropolitan Statistical Area (MSA) and Area of Dominant Influence (ADI) of a television channel* **71**

Food and Beverage

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MENU IDEAS **LITTLE MEALS FOR GRAZING.** *The latest secret to keeping customers happy is to give them less. In the volatile world of restaurant trends, less has replaced more as the phenomenon of grazing—noshing on a number of often smaller dishes—continues to catch on* **249**

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INDEPENDENT **PANO'S & PAUL'S.** *After establishing an excellent reputation in all of its high-ticket restaurants—Pano's & Paul's, The Fishmarket, 103 West, and Capriccio Ristorante—the Buckhead Life Restaurant Group is entering the casual market to broaden its clientele and create higher-volume eateries* **260**

Cover photograph by Ken Schroers

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SUBWAY *is opening units as quickly as it can under president and founder Fred DeLuca. And he says it's not slowing down, averaging 20 to 24 new unit openings a week* 20

The **HEALTH DEPARTMENT** *scandal that rocked New York City last March with reports that inspectors were extorting hundreds of thousands of dollars from restaurant owners is back in the headlines again. A new round of FBI raids netted another 15 inspectors and consultants who were allegedly taking bribes of up to $5,000 to overlook restaurants' health code violations or threatening operators with trumped-up charges if they failed to fork over cash* 24

Samuel H. Maw, 54, recently named president of the La Mirada, CA-based **DENNY'S** *division of TW Services Inc., will continue with his successful, low-key management style. Maw, whose division includes the 1,200-unit Denny's family restaurant chain, 120-unit El Pollo Loco, and 780-unit Winchell's Donut House, is a man who doesn't believe in heroes—and certainly doesn't want to be one* 26

SPECIAL OFFER

Restaurant Business now has available specially prepared reprints of the **1988 RESTAURANT GROWTH INDEX** and the **1988 MAJOR FORCES IN FRANCHISING.** These annual studies are invaluable reference tools.

The reprints are available for $5 per copy. Direct orders and inquiries to: Editor Peter Berlinski, *Restaurant Business* Magazine, 633 Third Avenue, New York, NY 10017.

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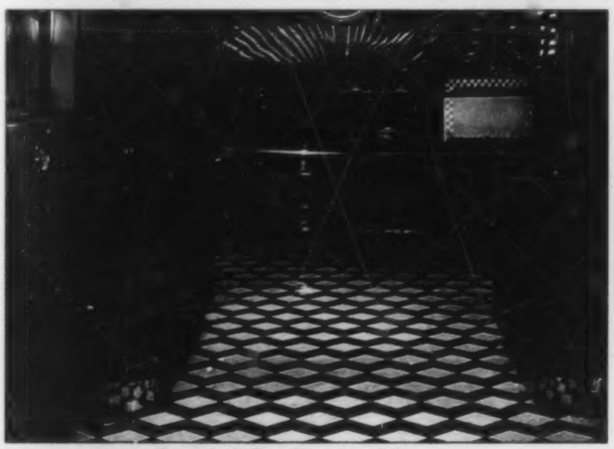

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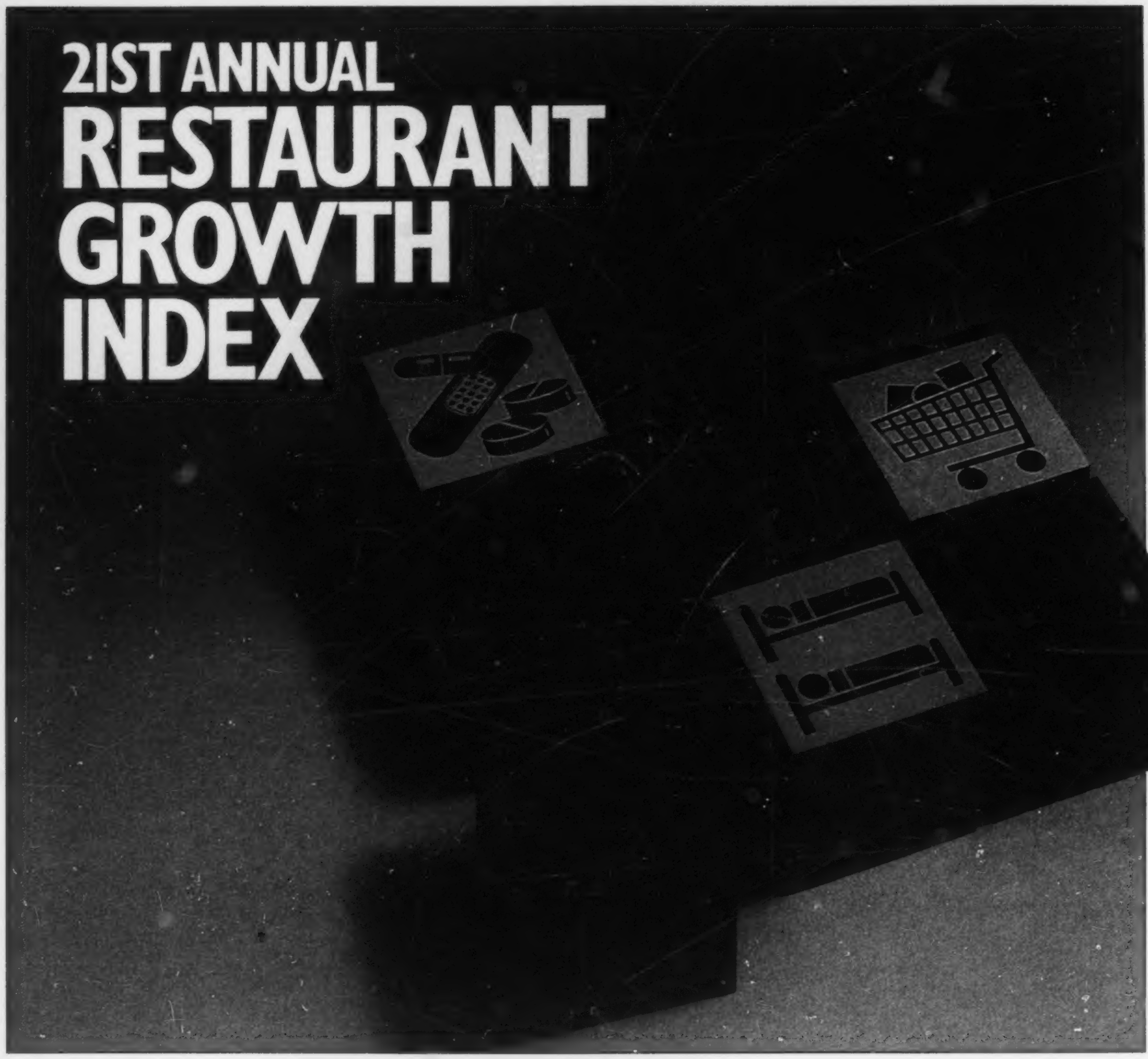

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Every September for the past 21 years, *Restaurant Business* has presented the Restaurant Growth Index (RGI), an exclusive "state-of-the-industry" report. As in the past, this analysis contains two types of information. Part I focuses on the eight major market segments—separate eating & drinking places, hotel/motel, transportation, leisure, retail, business and industry, student, and health care—providing trend information and hard data on sales growth and five-year sales forecasts. Part II encompasses profiles of the nation's 318 Metropolitan Statistical Areas (MSAs) and 212 Areas of Dominant Influence (ADIs) for a television channel, including information on sales, population, and unit counts, as well as ranking tables. For the first time, the RGI report also features data on Effective Buying Income (EBI) per capita.

21ST ANNUAL RGI

INDUSTRY SUMMARY

GROWTH IS SLOWING BUT THERE IS STILL PLENTY OF OPPORTUNITY IN SELECTED SEGMENTS AND NICHES.

The next five years will not be easy ones for a maturing foodservice industry. Many markets are already overdeveloped, competition from convenience and grocery stores will become even more acute, and consumer spending patterns are clearly headed toward more fundamental needs like housing. The economy isn't helping, either; the five-year compound growth rate for real GNP is a modest 3%. Meanwhile, costs are rising for operators at a time when it's hard to raise menu prices, putting pressure on profits.

The signs of the industry's maturation are apparent in other ways, too. Growth has slowed substantially; the business has become more promotion-driven; new products are crucial to increasing sales; prime locations are more critical though less simple to secure; and advertising expenditures, though rising, aren't used as efficiently due to saturation. While some of these issues relate more to restaurant chains than independents, their total effect on foodservice concerns everyone.

Competition from convenience and grocery stores has especially affected fast-food and family restaurants. For instance, take-out expenditures are increasing as the numbers of single-person and dual-income households grow. Convenience stores hope to capture these take-out dollars, and are in many cases succeeding. In time, however, grocery stores will offer the most competition to eating places where these consumers are concerned. They are powerful entities—well located, very large, and acutely aware that their share of the total food dollar is shrinking.

Increasing costs of housing, automobiles, and other major consumer goods are eating into disposable income. The proportion of disposable income spent on food has declined sharply recently, especially in grocery and food stores. Real disposable income will only show a 2.5% compound annual growth rate between 1987 and 1992.

Increasing costs are an especially difficult problem. Raising prices to offset rising costs isn't easy when price becomes a key selling point for getting customers in the door. Foodservice operators will realize rising costs in labor as well, due to a shortage of workers and increases in the minimum wage. Food costs—long the saving grace in foodservice's fight to maintain profit margins—are experiencing an immediate rise due to 1988 drought conditions. Rising food costs through 1989 will further erode profit margins.

In fact, consumers have demonstrated great resistance to price increases. Consumers have taken on considerable debt to buy homes, cars, and other capital goods; debt is on the increase.

WINNERS AND LOSERS. The biggest percentage winners in foodservice continue to be convenience food stores and gasoline service stations that sell meals and snacks. RGI's *Convenience Stores* will grow at a compound annual rate of 17.2% nominal growth or 12.4% real growth up to 1992.

In the retail market, *Other Specialized Retail Stores* is another winner, with 9.9% nominal compound annual growth and 5.4% real growth, largely fueled by increased sales at grocery stores. *Transportation*, with nominal growth

Industry Real Growth Summary

	1986 % Real Growth Rate	1987 % Real Growth Rate	1987 - 1992[1] % Real Compound Annual Growth Rate
TOTAL MARKET	3.0	2.8	3.2
Commercial/Contract	3.3	3.2	3.4
Institutional/Internal	0.4	0.5	1.1
Military	1.5	1.3	1.7
MAJOR MARKET SEGMENTS:			
Eating & Drinking Places	3.2	3.0	3.1
Eating Places	3.4	3.1	3.3
Full Menu Restaurants	2.2	2.3	2.8
Limited Menu Restaurants	5.1	4.1	3.9
Hotel/Motel Market	2.4	3.4	3.2
Transportation Market	7.6	7.1	6.8
Leisure Market	1.6	1.9	1.9
Retail Market	9.8	7.6	8.7
Business & Industry Market	0.4	1.3	2.1
Student Market	1.1	1.0	1.1
Health Care Market	0.4	0.8	1.3

1. Wholesale food price index will increase at 3.67% compound annual rate for the five years 1987-1992. This is due, in part, to the drought of 1988. This is a bit higher than the 3.30% rate for 1986-1991 and the 2.41% rate of 1985-1990. Menu prices will increase at a 4.24% compound annual rate for the five-year period 1987-1992. This is a narrow band of values with 1986-1991 at 4.36% and 1985-1990 at 4.22%.

of 10.9% and real growth of 6.8%, is also gaining. And, at 7.6%, hotel foodservice will be slightly above the industry's overall growth rate.

At 8.3% compound nominal and 3.9% real growth, fast food is, of course, a potent force in foodservice. However, though the category outpaces overall industry growth, it, too, is slowing considerably. Dominated by large chains, fast food is beset by market share battles among its major players. Even giants Burger King and Wendy's have had their share of troubles lately.

Though the *Business & Industry* market will experience real growth of 2.1% in a five-year period, the category does have some losers. Those with internal feeding facilities will experience a 3.2% decline in real growth between 1987 and 1992, and foodservice operations for waterborne employees will decline 1.7%. On the upside, contract feeding leads the B&I sector, with 4.6% real growth expected in the five-year period.

Health Care and *Student* markets are showing very modest overall growth, with 1.3% and 1.1% real growth, respectively, in the five-year period. Colleges and universities with internal feeding will show a 0.6% decline in real growth, while those with contract services will show a 3.4% real increase. The health care market will show positive results across the board.

All in all, there are no major growth factors to propel the industry forward. However, as is often the case, well-run operations with viable concepts can still expect to find opportunities for growth that can exceed the overall industry's.

Higher sales can be generated by approaching the data somewhat differently.

If we adjust our figures to reflect the higher sales values generated by the addition of military troop feeding and school foodservice commercial equivalents, and additional volume in vending not now included, we would show foodservice industry sales of $221.5 billion in 1987, an increase of $21.9 billion, or 1.0% more than base estimates.

In our view, these adjustments are not valid because they produce a result that is, in turn, inflated (by military and school feeding) and not comparable (candy sales are not included in the Census of Retail Trade's merchandise line for meals and snacks, or nonalcoholic beverages and alcoholic beverages). Vended canned and bottled soft drinks are sold through a restricted wholesale bottler distribution network. Finally, note that purchases do not change when troop feeding and school feeding sales figures are manipulated. The vending purchases would, of course, increase.

This summary was prepared by RBI research and Malcolm M. Knapp, president of Malcolm M. Knapp Inc., New York City. The 1986 sales and purchases data used in this report—covering growth in nine major markets and 40 submarkets—were prepared by Malcolm Knapp under contract with the National Restaurant Association (NRA), Washington, DC. Estimates for 1987, and projections to 1992, were prepared specifically for Restaurant Business.

Foodservice Industry Summary

	1986 Units	1986 Sales ($000,000)	1986¹ Purchases ($000,000)	1986 vs. 1985 % Sales Growth	1987 Sales ($000,000)	1987¹ Purchases ($000,000)	1987 vs. 1986 % Sales Growth	1992 Sales ($000,000)	1987 - 1992 % Compound Annual Sales Growth	
									Nominal	Real
TOTAL MARKET	617,261	187,096	74,753	7.0	199,639	79,164	6.7	286,579	7.5	3.2
Commercial/Contract	444,736	164,507	59,428	7.6	176,223	63,266	7.1	256,498	7.8	3.4
Institutional/Internal[2]	172,269	21,664	13,010	3.0	22,443	13,512	3.6	28,778	5.1	1.1
Military[3]	1,256	925	2,315	5.5	973	2,386	5.2	1,303	6.0	1.7
MAJOR MARKET SEGMENTS:										
Eating & Drinking Places	303,006	129,100	43,323	7.6	137,965	46,035	6.9	198,234	7.5	3.1
Eating Places	270,698	120,124	40,077	7.6	128,531	42,658	7.0	185,909	7.7	3.3
Full Menu Restaurants	126,514	62,301	21,356	6.6	66,164	22,562	6.2	93,489	7.2	2.8
Limited Menu Restaurants	126,125	51,485	16,594	9.1	55,619	17,854	8.0	82,885	8.3	3.9
Hotel/Motel Market	26,385	11,383	3,520	6.4	12,211	3,748	7.3	17,593	7.6	3.2
Transportation Market[4]	432	3,003	1,280	9.8	3,295	1,407	9.7	5,523	10.9	6.8
Leisure Market	19,723	5,212	1,830	5.6	5,514	1,932	5.8	7,464	6.2	1.9
Retail Market	105,650	7,052	2,319	13.8	7,840	2,570	11.4	14,658	13.3	8.7
Business & Industry Market	11,300	10,605	10,270	4.9	11,214	10,754	5.7	15,297	6.4	2.1
Student Market	94,484	9,070	5,261	5.4	9,571	5,479	5.5	12,585	5.6	1.1
Health Care Market	35,960	11,530	5,577	2.1	11,893	5,753	3.1	15,211	5.0	1.3

1. Purchases include all food and nonalcoholic and alcoholic beverages (do not include equipment or supplies).
2. Community center sales and purchase totals. Purchases for penal institutions and for religious orders are shown in Institutional/Internal purchases totals. These segments' sales and purchases are not shown in the detail for the eight major segments.
3. Sales data based on post exchanges and military clubs; purchase data based on post exchanges, military clubs, and troop feeding in the U.S.
4. Sales of terminal facilities and highway (interstate) facilities are included in Eating and Drinking Place sales and should not be added with other major market segments to arrive at total market sales.

NOTE: Full menu restaurant and limited menu restaurant sales are included in eating place sales. Eating place sales are included in eating and drinking place sales and should not be added with other major market segments to arrive at total market sales.

SEPARATE EATING & DRINKING PLACES

COMPETITION IS CREATING SOME DIVERSE CONCEPTS, IN BOTH THE FULL MENU AND LIMITED MENU CATEGORIES.

Today's separate eating and drinking place market is no place for the timid. Restaurant chains and independents alike are wrestling in a climate where neither unit growth nor sales increases are easily attainable. Chains are cutting back on growth plans to concentrate on improving operations, independents are finding even the most modest expansion difficult to achieve, and everybody's trying to build sales volume by stealing somebody else's customers.

"The continuing, increasing competition isn't getting better," says Norman Brinker, chairman and chief executive officer of Dallas-based Chili's Inc., a 145-unit casual dining chain that's managed to maintain steady growth. "You'd better have a very clear image and appeal, or your concept won't work," warns Brinker. "You'd better be flexible and versatile, and you'd better be able to read the market ahead of time."

That about sums up the mood of the separate eating and drinking place market—a market where some other recent developments have made the game even more chancy. For one thing, the drought that parched America's farmlands this summer is likely to increase some food prices. And the labor market isn't getting any better either.

"Every year there is more of a shortage of teenagers, and now there are more units needing workers than ever before," says George Rice, president of GDR Enterprises Inc., a market research firm based in Park Ridge, IL. "That can only increase the cost of labor. That means the cost of food and the cost of labor are going up at a time when value is of crucial importance."

SEARCHING FOR VALUE. Rice is among many who say that today's customer is driven more and more by a search for value. While many consumers are relatively affluent, they are pinched by personal debt and income that isn't growing very much. Discretionary income is tight—and it's getting tighter.

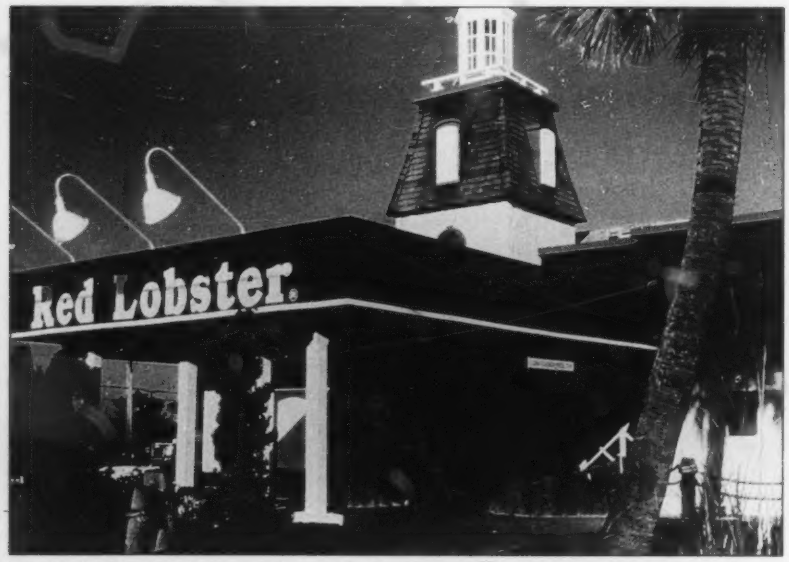
For 18 years, "single non-family households," as demographers call them, were growing steadily. These singles had the time and money to eat out frequently, which is just what they did. In the last 18 months, however, that pattern has changed radically, says Rice. Families with children are growing in number, and their needs are far different from singles'. For one thing, their money has to go considerably further, and their leisure time is substantially diminished.

To complicate matters further for operators, the cost of attractive real estate has gone sky-high, endangering return on investment for restaurants opening in choice locations.

"Restaurants must have extremely high volumes to make these sites work," says Chili's Brinker. "If real estate costs keep going up, expansion will be impossible. I think we're beginning to see that already."

BUYING OPPORTUNITIES. But out of such challenges grow new opportunities, and many players are proving that there are some niches left to exploit. Because of the scarcity of good locations and the plenitude of competitors, large chains are increasingly opting to buy the competition rather than expand by building new units. For example, Red Lobster, the seafood dinner-house division of General Mills Restaurant Group, is rapidly establishing a strong presence in California by converting 28 Seafood Broiler restaurants, purchased earlier this year, into Red Lobsters.

In fact, merger and acquisition activity has been intense over the past 12 to 18 months. In addition to Red Lobster's acquisition of Seafood Broiler, other notable purchases have included TW Services' acquisition of La Mirada, CA-based Denny's Inc.; San Diego-based Foodmaker's acquisition of Louisville-based Chi-Chi's; and AWR II's



The Red Lobster chain continues to capture market share with its casual concept and moderately priced, seafood-based menu.

1986: $129,100,000,000
+ 7.6% Sales Growth

1987: $137,965,000,000
+ 6.9% Sales Growth

1992: $198,234,000,000
+ 7.5% Compound Annual Sales Growth

acquisition of two California fast-food Mexican operators, Del Taco and Naugles. (AWR II was created expressly for that acquisition by a group including former W.R. Grace executive Anwar Soliman.)

Meanwhile, a number of companies are retrenching. Pillsbury has put many of its restaurant chains on the block, including Godfather's Pizza, and it is disbanding portions of its S&A Restaurants group. Shoney's announced earlier this year that it will reduce its unit growth sharply over the next five years, although the company has initiated a first-ever franchising program. Many other chains, among them TGI Friday's and Ryan's Family Steak Houses, are curtailing expansion in order to concentrate on building unit sales volumes.

The soaring cost of real estate has also led to the development of "mini" units with limited menus and drive-thru-only service. A number of "burger babies" have emerged in the hamburger segment, for instance, and Mexican minis are also starting to develop in Texas.

The Olive Garden is General Mills Restaurant Group's attempt to chain an Italian dinner house. Featured are display pasta-making stations.

Despite these challenges, real growth is expected in this segment. Sales in eating and drinking places increased by 6.9% between 1986 and 1987, according to RGI figures, and are expected to show a nominal compound annual growth rate of 7.5% between 1987 and 1992. The real growth rate is expected to be 3.1%.

Sales at limited menu restaurants are expected to grow slightly more than full menu restaurants, according to RGI figures. Sales in limited menu restaurants grew 8.0% between 1986 and 1987, compared to 6.2% for full menu restaurants. Sales in limited menu restaurants are expected to nominally grow 8.3% between 1987

continued on page 82

	1986 Units	1986 Sales ($000,000)	1986 Purchases ($000,000)	1986 vs. 1985 % Sales Growth	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth	1992 Sales ($000,000)	1987 - 1992 % Compound Annual Sales Growth	
									Nominal	Real
Separate Eating Places	270,698	120,124	40,077	7.6	128,531	42,658	7.0	185,909	7.7	3.3
Full Menu Restaurants & Lunchrooms	126,514	62,301	21,356	6.6	66,164	22,562	6.2	93,489	7.2	2.8
Limited Menu Restaurants	126,125	51,485	16,594	9.1	55,619	17,854	8.0	82,885	8.3	3.9
Public Cafeterias	6,137	3,470	1,217	5.6	3,675	1,276	5.9	5,142	7.0	2.6
Social Caterers	3,604	1,390	490	6.8	1,489	520	7.1	2,155	7.7	3.3
Ice Cream, Frozen Custard Stands	8,318	1,478	420	7.4	1,584	446	7.2	2,238	7.2	2.8
Separate Drinking Places	32,308[1]	8,976	3,246	6.5	9,434	3,377	5.1	12,325	5.5	1.2
Total	303,006	129,100	43,323	7.6	137,965	46,035	6.9	198,234	7.5	3.1

1. Includes only bars and taverns that serve food.

and 1992 (with a real growth rate of 3.9%), compared to a nominal rate of 7.2% (and a real growth rate of 2.8%) for full menu restaurants.

According to Census definitions, "full menu" denotes those restaurants that offer waiter/waitress service and take orders while the customer is seated, while the "limited menu" designation is used primarily for fast-food units, but also includes operations such as steak houses, where service is through a line.

LIMITED MENU RESTAURANTS

Hamburger chains, of course, continue to dominate the limited menu segment, both in sheer number of units and total sales. With more than 10,000 units worldwide, McDonald's is by far the most potent force in the burger segment—and in the fast-food market as a whole. The chain is widely recognized for its marketing savvy and clout. And, at a time when there is such great concern with saturation in the segment, McDonald's is leading the way in finding unconventional sites. The company is also continuing its aggressive overseas expansion, while many competitors cannot afford to do so.

Meanwhile, behemoths Burger King and Wendy's continue having some problems. Burger King's parent, Minneapolis-based Pillsbury, is floundering—largely due to problems at Burger King. The burger subsidiary continues to lose market share to McDonald's, which has about twice the market share of Burger King. And, while Burger King's unit volumes have been stalled at about $1 million since 1985, McDonald's restaurants now average $1.5 million. Burger King has also been plagued by operational problems and inconsistent management for years. Observers say that Burger King needs a strong marketing campaign to battle McDonald's, but the company's latest ad campaign, with a "We do it like you do it" theme, has not been successful at increasing store-level sales.

Wendy's, too, has suffered through declining sales and is only now experiencing relief thanks to its SuperBar program. The 18-ft.-long, all-you-can-eat SuperBar includes pasta, Mexican foods, baked potatoes, salads, fresh fruits, vegetables, and desserts. It has has been installed in all Wendy's company-owned stores, and offered to franchisees.

WHERE'S THE GROWTH? Growth in the limited menu category, however, is mostly fueled by pizza, Mexican foods, and baked goods. The pizza segment continues to show strong gains, but competition is also at a fever pitch. Wichita, KS-based Pizza Hut, owned by PepsiCo, continues to dominate the segment. However, it is Ann Arbor, MI-based Domino's Pizza that has been setting the pace, growing by 650 units in two years.

As pizza delivery has become the standard rather than the exception, however, even Domino's is feeling the competition's breath; weekly sales per store are reportedly flat compared with last year's sales.

Pizza is, in fact, showing up in some unconventional places. Even McDonald's is testing McPizza, a 5½-in. pie with sausage, pepperoni, or plain cheese. The pizza was tested at a price of $1.15 to $1.29.

Hamburger and pizza may go well together. They're the two most popular take-out foods, according to the Food Marketing Institute.

Pizza now holds 31% of restaurant take-home sales, according to the NPD Group, a New York market research firm, and the average American eats 23 pounds of pizza annually. Much of the reason for the pizza segment's growth is the product's convenience.

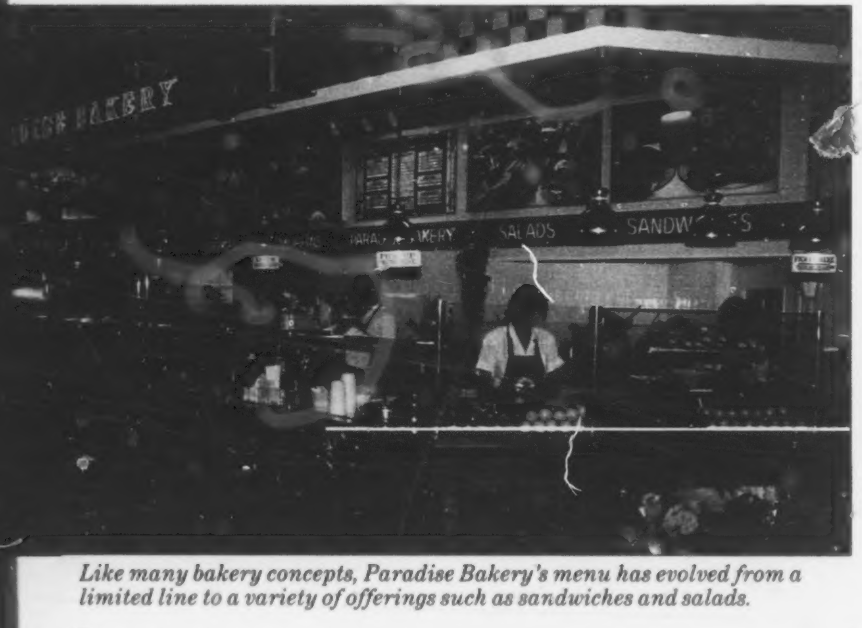
The foodservice industry, however, is not alone in hoping to exploit the consumer's desire for convenience.

"The convenience of carryout from a restaurant can be matched and exceeded by the convenience of carryout from a supermarket," says GDR's Rice. "And supermarkets are seizing upon carry-out foods as a desirable strategy."

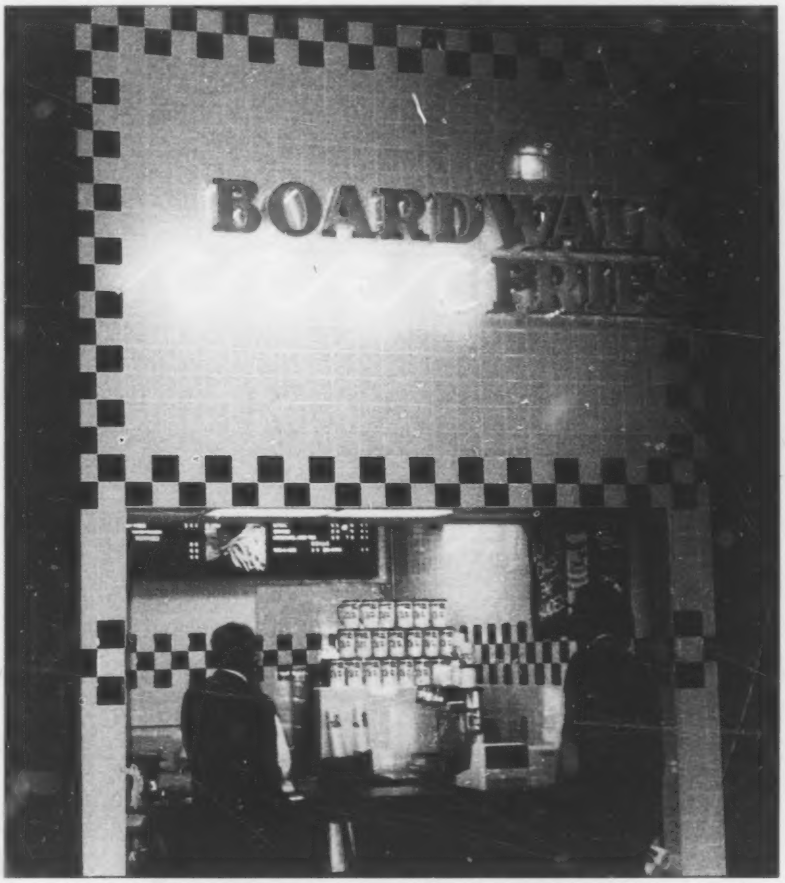
For example, about 40% of supermarkets offer fresh pizza today, sold through a number of departments, including dairy, grocery, self-service deli, and cheese areas, as well as separate pizza sections. And these aren't the old frozen pizzas of yore, slightly reminiscent of cardboard with a nameless cheese on top. In fact, Wolfgang Puck of L.A.'s Spago and David Lei[illegible]man, of David's Cookies' fame, are bringing their upscale touches to supermarket pizzas.

THE MEXICAN FACTOR. Activity in the Mexican segment is still hot, but competition is getting just as intense as in other segments. The fast-food leader, PepsiCo's Taco Bell, is a formidable adversary for the smaller regional chains within the category. Taco Bell, with some 2,700 units and 1987 sales of $1.5 billion, is bent upon growing to 4,000 units with sales of $4 billion by the end of 1991. The goal does not seem impossible; aggressive Taco Bell has doubled its number of units and tripled its systemwide sales in the last five years.

The most interesting development in the Mexican segment is the development of so-called "patio concepts,"



Like many bakery concepts, Paradise Bakery's menu has evolved from a limited line to a variety of offerings such as sandwiches and salads.



Boardwalk Fries' concept centers around an extremely limited menu and simple, kiosk-like facilities that are inexpensive to build and operate.

with their birthplace deep in the heart of Texas. These concepts, led by Taco Cabano and Two Pesos, combine the high-quality, freshly prepared food, colorful decor, and limited alcohol menus of full-service Mexican restaurants with the self-service and low prices of fast-food outlets. The result? High volumes and tremendous customer acceptance. On the other hand, these patio cafes may not be nationally expandable. Their outdoor theme may limit the restaurants to warm weather climates, for one thing.

WHAT ABOUT HEALTH? One of the broadest trends affecting the foodservice industry, of course, is the gradual shift towards foods that are perceived to be healthy and fresh.

Sure, customers like to see healthy selections on the menu. But how to explain the popularity of gourmet ice creams, rich brownies, and gooey cinnamon rolls? A double standard appears to be at work, and that perception is borne out by data collected by MRCA Information Services, a market-research company in Stamford, CT. According to MRCA, Americans pay more attention to healthy foods at home. Away from home, they splurge. They reward themselves.

This dichotomy may also explain why fast food's reputation as unhealthy hasn't hurt sales at all. The perception that fast food is unhealthy is slowly changing, however; a recent *Consumer Reports* survey found that some 60% of readers believe that fast food is more nutritious than it was 10 years ago.

That perception is undoubtedly helped by the introduction of salad bars and packaged salads. One out of four readers in the *Consumer Reports* survey said that they visit fast-food chains more often because of the salads, which particularly appeal to women. The salads have spelled success for fast feeders; McDonald's won't say just how lucrative its packaged salads are, but they reportedly account for about seven cents out of every dollar in sales.

This interest in freshness is also part of the reason for the growing interest in limited-menu bakery concepts, among them Kansas City-based T.J. Cinnamons and Seattle-based Cinnabon. Bakery/cafes are also cropping up, among them Vienna, VA-based Vie de France, and a smaller bakery chain acquired by Solana Beach, CA-based Chart House Enterprises, Paradise Bakery Garden Cafes.

Paradise Bakery Garden Cafes is typical of bakery cafes in that the first units started out 12 years ago as cookie shops, but today serve a full menu of soups, salads, and sandwiches. Twenty-one units are located in California, Texas, Colorado, and Hawaii.

About 50% of the average unit's $500,000 annual sales comes from the bakery, says president and founder Dan Patterson. All baking is done from scratch in the units, with an emphasis on cookies, muffins, quiche, and croissants. The average check is approximately $2.50.

Although restaurants identified too closely with "health food" haven't exactly taken the industry by storm, there clearly is a place for restaurants emphasizing salads and foods made with fresh ingredients.

One company fitting this description is San Diego-based Soup Exchange, with 15 units on the West Coast. In fact, the company recently signed an area licensing agreement with Magic Pan, covering the area east of the Mississippi. Magic Pan is committed to opening 50 units within the next 30 months; some Magic Pan units are also expected to be converted into the newer concept.

Soup Exchange is an upscale, self-service soup and salad bar featuring over 60 items on a salad bar, including prepared salads and pastas. An on-site bakery turns out fresh muffins, strudels, chocolate chip cookies, and strawberry shortcakes; a soup bar offers six freshly made soups every day. A nacho bar offers tortilla chips, melted cheese, and toppings like green onions, jalapeño peppers, and sour cream. A fruit and dessert bar is also available, as well as a yogurt machine.

"We're between full service and fast

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service," says Joe Duran, Soup Exchange's advertising and marketing manager. "Although customers serve themselves, we have hostesses and very attentive managers. For example, it is traditional that at an appointed hour a manager goes around and serves chocolate chip cookies on a silver tray."

TROUBLE IN THE EAST. Oriental food was widely touted as the next ethnic cuisine to be profitably adapted to a fast-food format. But, consumers proved to be a little finicky about their cashew chicken and fried rice. They like to see Oriental faces behind the counter, for one thing, and they like to know the food is authentic. Since Oriental independents abound, there seems to be little reason for a chain to develop in the market.

Those who have tried a chain approach to the cuisine have been badly disappointed. Pillsbury abandoned its fledgling Quick Wok chain last year, and General Mills sold its Leeann Chin restaurants back to its founder. General Mills said at the time that the Leeann Chin concept merited expansion, but that the company wanted to concentrate resources in other areas.

The consensus is that Orientals are themselves entrepreneurial, and small chains are, in fact, developing that are headed by Japanese and Chinese entrepreneurs.

One hopeful is seven-month-old Singapore Express, with one unit so far in Marina del Rey, CA. The fast-food operation specializes in curries and satays, with specialties from Indonesia, Thailand, and the Philippines.

Owner Edward Chye and his sister Sharon are from Singapore, where curries and satays are popular. Singapore Express offers vegetable, shrimp, lamb, ~~and chicken~~ curry dishes, served over steamed rice or egg noodles. Customers also help themselves to a condiment bar full of Eastern condiments like chutney, roasted coconut, ground peanuts, raisins, and spicy sambal.

Satays are chunks of marinated meat and shrimp cooked to order on bamboo skewers and served with steamed rice, vegetable kabobs, peanut sauce, and cucumber-pineapple pickles. From the Philippines comes chicken *adobo*, and from Thailand stuffed chicken wings called angel wings. From Indonesia is *gado gado* salad with shrimp chips and a mildly spicy lemon-peanut dressing.

Pierre Pollin of Le Titi de Paris in Arlington Heights, IL, has turned his gourmet hand to such add-on volume builders as gourmet picnic baskets.

"One reason that it is so difficult to expand an Oriental concept is that different chefs cook the same dish differently," says Sharon Chye. "After a year, we will evaluate the concept. If we do decide to expand, we will use a central kitchen to prepare spice packages, and we will standardize and document recipes."

KEEP IT SIMPLE. At a time when many fast-food operators are broadening their menus, some relative newcomers are focusing on just one or two selections. One example is Ellicott City, MD-based Boardwalk Fries, with 65 units in food courts located in regional malls throughout the country.

Boardwalk Fries serves fresh fries cut on the premises and cooked to order in peanut oil, with a small order costing $1.29. The fries can be served with cheese or gravy, as well as a number of regional toppings. For example, people in Maryland like fries with vinegar or a special Old Bay seasoning. In some parts of the country, people prefer barbecue sauce or chili sauce on their french fries. Some Boardwalk Fries units also sell fried vegetables, like zucchini or mushroom caps.

Average volume for a Boardwalk Fries unit is $250,000 annually—a lot of money for serving mostly potatoes. The reason for Boardwalk Fries' success? It does one thing very well. Typical customers buy a sandwich at another kiosk in a food court, then stroll over to Boardwalk Fries to get a side order of fries.

FULL MENU RESTAURANTS

Growth areas in the full menu segment are less clearly delineated than in fast food, but areas of opportunity nonetheless exist. Societal changes have brought about broad changes in eating patterns, which have created opportunities for full menu restaurants to experiment.

The same desire that keeps Americans constantly on the go—grabbing a bran muffin from a bakery or passing through the drive-thru for lunch, sticking something in the microwave or picking up a pizza for dinner—has created opportunity for upscale takeout.

"In addition to value, customers are being driven by a search for convenience," says GDR's Rice. "For the last three years, there has been no growth in on-premise dining. All the growth has been in takeout."

Takeout doesn't have to be limited to the mundane, either. For example, Le

Chili's menu includes trendy items like ribs and chicken wings that keep building business.

Titi de Paris in Arlington Heights, IL, prepares romantic French picnics for four, complete with a bottle of chilled champagne. A main course—such as cold rack of baby lamb with fresh mint mayonnaise, cold beef tenderloin slices with watercress mayonnaise, or cold breast of poached chicken with fresh dill sauce—is presented in a wicker basket accompanied by cold ratatouille, assorted French cheeses, and an assortment of homemade desserts such as praline cheesecake, chocolate cake, and fresh fruit tart. The price for all this? Just $125.

Chef/owner Pierre Pollin also custom-makes picnics for any occasion, with entrees ranging from a whole cold lobster per person and whole cold salmon *en croute*, to an array of fish, game, and meat pâtés and vegetable terrines.

Another Chicago-area restaurateur, Bernard Cretier of Le Vichyssois in Lakemoor, IL, provides a picnic that begins with a terrine of shrimp and avocado with tomato-tarragon dressing. Then comes an assortment of quail, duck, and pheasant pâtés, followed by a fresh asparagus tart or cold cream of escargots with green peppercorn. Next is cold ratatouille, then entrees such as cold red snapper with a saffron-garlic sauce or cold fricassee of chicken with sherry-wine vinegar sauce. Salad options include French beans with tarragon vinaigrette or oak leaf lettuce with pea pods, green beans, and *roquette* and hazelnut dressing. Desserts include blueberry cheesecake and raspberry *clafoutis* slices. Cost is $25 to $30 per person.

Changing eating habits are also leading restaurants to de-emphasize entrees in favor of offering patrons a variety of appetizers and desserts instead—the grazing method of eating. A new Chicago restaurant offering more than 50 different American, European, and Asian appetizers is known as Appeteasers. The restaurant opened in July in Chicago's rapidly growing River North area. Appetizers, grilled seafood, and desserts are offered at tableside on specially designed carts. Selections include linguine with clams in white sauce, fajitas, noodles Shanghai-style, Tahitian crab cocktail, ahi tuna, New Zealand mussels, and roast duck fantasia with black currant Zinfandel sauce.

UNEVEN PERFORMANCE. Performance is spotty throughout the major full-service segments. Despite the popularity of fast-service Mexican food, full-service Mexican restaurants have reported disappointing results overall. Nonetheless, all eyes will be on Chi-Chi's over the next several quarters, to assess how the dinner-house chain will fare under Foodmaker, the San Diego-based parent of Jack In The Box.

The good news for the steak-house segment is that the decline in consumption of red meat appears to be turning around. In fact, MRCA found that from 1981 to 1986, though consumption of red meat at home declined 11.1%, it actually increased by 1.3% in restaurants.

In fact, executives of "budget" steak-house chains are reporting increased sales, although many of these chains now offer everything from chicken and seafood to elaborate food and salad bars.

Greenville, SC-based Ryan's Family Steak Houses Inc. was among those pioneering the introduction of extensive food bars to complement the basic steak menu. Unit sales have declined slightly since the beginning of 1988, which management attributes to increased competition from other concepts with "mega" salad/food bars.

The casual theme dining segment also shows a great deal of variation in its performance. Overall, this segment has been affected in recent years by the customer's changing attitude toward alcoholic beverages.

At one time, these restaurants typically derived close to 50% of sales from liquor. For example, comparable store sales at Pillsbury's Bennigan's chain fell 5% in the past fiscal year as customers' liquor consumption continued declining.

Nevertheless, the segment is basi-

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After a hamburger and sandwich concept in Philadelphia bombed, Paul Rimmeir switched over to seafood at Captain Cody's Waterfront Cafe.

cally healthy, partly because casual theme restaurants are not tied to any particular menu and can change quickly. A good example is Chili's, which started out serving gourmet burgers but rapidly expanded to a fuller menu that now includes fajitas, ribs, sandwiches, salads, and margaritas.

At a time when many—if not most—operators are complaining of flat sales, Chili's has seen average unit volumes increase from $1.6 million in 1984 to $2 million today. With 145 units and sales of some $260 million in fiscal 1988, Chili's expects to grow by some 30 units a year.

Chili's epitomizes what customers find attractive about casual theme restaurants: They offer a good value, a broad menu of whatever is fashionable at the minute, a fun atmosphere, quick service, and affordable prices.

FOOD FROM THE SEA. Seafood is another winner in full-menu restaurants. Consumption of seafood rose from 14.7 pounds per person in 1986 to 15.4 pounds per person in 1987, following ample increases over the last five years. Seafood consumption should continue to rise if supplies remain available and prices don't skyrocket.

In fact, independents specializing [illegible] seafood boast some of the highest sales volumes in the country. Seafood chains, however, are something of a rarity, because of the skill needed to select and handle fresh seafood. Red Lobster is showing that a midprice seafood concept can be successfully (and profitably) chained, however. Sales for fiscal 1988 topped $1 billion, and guest counts on a per-unit basis increased by 3.5% over last year. Average unit volumes reached $2.5 million, and the company hopes to open 20 units next year.

At least one restaurateur has used seafood's appeal to revitalize an ailing concept. After seeing Colorado Cody's (a hamburger and sandwich concept) bomb, Philadelphia restaurateur Paul Rimmeir switched over to a seafood concept.

The restaurant's decor, reminiscent of a New York cafe, now has a six-foot lobster tank that dominates the dining room. Rimmeir has also instituted a menu featuring at least four fresh fish daily, and fried fish, scallops, and peel-your-own shrimp. The new restaurant: Captain Cody's Waterfront Cafe.

And Captain Cody's is a success, specializing in one-pound lobsters for $8.95 to $10.95. Rimmeir has already bought the site for a second Captain Cody's in Rittenhouse Square, in Philadelphia's center city area.

Serving seafood isn't as simple as just adding a few popular species to the menu, however. For example, Sam King, whose family has been in the restaurant business since 1945, spent two years researching the intricacies of seafood before opening Ocean Avenue Seafood in Santa Monica, CA.

Ocean Avenue Seafood offers 35 to 40 fresh fish on a menu that changes daily. Sophisticated customers are increasingly interested in trying different variations of the same species, so Ocean Avenue's servers are well-trained to explain the intricate differences between six different kinds of oysters, or between king salmon caught downriver and king salmon caught upriver.

What makes the seafood business so difficult is the vagaries of supply. Though fish farming is becoming more popular, most seafood still has to be caught. With increases in consumption of more than a hundred million pounds a year for several years running, pressure has been put on supplies of popular species. Also, an almost infinite variety of species are available to the savvy operator, so he must be educated in order to ensure smart purchasing and proper handling of fresh seafood.

THAT'S ITALIAN. Another full-service segment that's showing some promise is the Italian segment, long dominated by independents. Though chains have been trying to gain a foothold in this segment for several years, practically none have succeeded. General Mills' The Olive Garden has proved to be one notable exception.

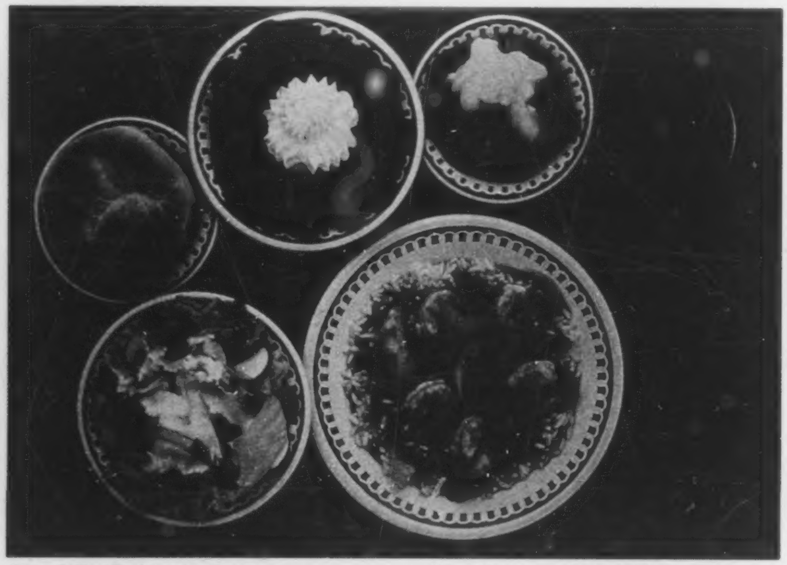
The Olive Garden is growing rapidly; of the concept's 92 units, 40 were added this year. Another 50 will be added next year. Average units gross about $2.5 million annually.

The Olive Garden's menu combines a wide variety of Northern Italian and Southern Italian specialties, with pasta made fresh on the premises in view of customers. Garlic breadsticks are baked on the premises.

BACK TO THE '50s. Updated '50s-style diners, with classical diner food updated for the '80s and served with a sense of humor, are continuing to be popular. One example is The Avenue Grill in Mill Valley, CA, which serves what *Playboy* magazine recently dubbed "America's Best Norman Rockwell Food."

The Avenue Grill serves what general manager Suzanne Fitzgerald describes as "eclectic ethnic American food." Especially intriguing are the specials. For example, the restaurant recently ran "Molly Goldberg Night" three days running.

"We served everything that your Jewish mother would have served if you were Jewish and you were at home," says Fitzgerald.



Picadilly Cafeterias hope to venture out of Sunbelt markets with a menu concept featuring high-quality fresh foods served cafeteria-style.

Soup Exchange features a full line of salads, soups, and other light foods, prepared fresh daily and presented in a slick, upgraded self-service format.

Every Sunday, customers are treated to pot roast and gravy with garlic mashed potatoes and vegetables. On Thursdays, they can stop in for turkey with sage or corn bread stuffing with all the trimmings. This food isn't as cheap as diner food in the old days was, however. The Avenue Grill's average check is $21, and customers are upscale professionals who live in this prosperous San Francisco suburb.

WHAT ABOUT CAFETERIAS? Cafeterias are strong in their Southern home states and are starting to venture cautiously northward and westward. For example, Baton Rouge, LA-based Picadilly Cafeterias, with 123 units across the Sunbelt, is venturing into California. "There are so many people in California, and not so many cafeterias," says Rod Garrison, the company's chief financial officer.

California customers are also not used to the idea of eating in cafeterias, and some education is necessary. The first Picadilly Cafeteria opened in March in Modesto, the second this summer in Fresno, and the company has been doing extensive television advertising.

Picadilly Cafeterias boasted sales of around $235 million for the fiscal year ending June 30, says Garrison. Average unit sales volumes are approximately $2 million.

Although cafeterias have a lowbrow image in some parts of the country, they are well-positioned for growth in a value-conscious climate. For example, the average check at a Picadilly Cafeteria is only $4.50, and the customer gets a wide variety of homestyle foods, including lots of fresh vegetables and salads.

And, as Garrison points out, cafeteria concepts are flexible. If fish is expensive, a cafeteria offers more beef. If beef is expensive, more chicken goes on the menu. The menu mix can change easily.

Cafeterias are also positioned to take advantage of the gradual aging of America, because they are very popular with senior citizens.

WHAT'S AHEAD? What does the future hold for the separate eating and drinking place category? More of the same, probably.

Labor costs will definitely continue to be an issue. Frightened by the prospect of higher labor costs, the foodservice industry, led by the National Restaurant Association, has repeatedly attempted to stall congressional attempts to raise the minimum wage. The minimum wage fight is far from over, however, although since May Congress has received some 85,000 messages opposing a minimum wage increase.

GDR's Rice, while sounding warnings about the short term, points out that foodservice operators have repeatedly shown themselves to be among the most flexible businesspeople around, far more quick to react to change than supermarkets, for example. Yes, margins may narrow, but operators will simply find new ways of doing business.

"It's like a fighter in the ring," Rice says. "He gets hit, but he doesn't always fall down. He keeps on fighting."—**Jacque White Kochak**

Ocean Avenue Seafood in Santa Monica, CA, offers 35 to 40 species of fresh fish on a menu that changes daily.

THE HOTEL/MOTEL MARKET

COMPETITION HAS LED TO AN EMPHASIS ON MARKETING AND LOCAL BUSINESS.

In 1987, hotel/motel foodservice registered over $12 billion in sales, a 7.3% gain over the previous year. In the next five years, RGI figures predict that the segment will realize a compound annual real sales growth of 3.2%, with sales reaching $17.5 billion by 1992. In the foodservice business, that's not bad.

Where's the growth coming from? From a lodging standpoint, it's the all-suite and economy properties. Where food is concerned, it's in operators' ability to think like restaurateurs.

To meet the foodservice needs of its guests, Dallas-based Embassy Suites operates 23 restaurants of its own, and leases other facilities to local operators and chains. "The philosophy is to offer the best possible product available," says Doren Chisholm, director of food and beverage for the 90-property chain. "Our operational policy gives already successful local operators the chance to grow and expand, and it gives Embassy Suites a strong tie to the community."

The Embassy Suite at Dallas/Fort Worth airport has an Italian restaurant; its operator already owns five Italian restaurants in the area. The company has had less luck leasing to chains. S&A Restaurants recently closed all five restaurants it leased from the hotel company.

Tremendous growth in the economy sector has inspired Days Inns Management Co. (DIMC), the management division of Atlanta-based Days Inns of America, to develop three new restaurant concepts. According to Barry Berlin, vice president of food and beverage for DIMC, the first of its new concepts is called the Brentwood Cafe. Centered around a buffet, "the premise is to speed basic service, cut labor costs, and add some sizzle with a Sunday brunch," says Berlin. The first unit opened last year; nine units are currently operating.

Located in a converted Howard Johnson's in Minneapolis, Davenport's Bar and Grill marks DIMC's entry into the banquet and bar business. Davenport's features a contemporary menu, complete with plenty of finger foods. Slated for development in urban areas, there are now two Davenport's operating. DIMC's third concept, Argyle's Roadside Grill, serves "sliders" (small hamburgers, served within three minutes and accompanied by fries), "wets" (french fries with gravy), and blue plate specials.

In an unusual move, Days Inns of America has reorganized its food and beverage department in a most unconventional way. In August, the whole department was put on a retainer basis for a year with renewable options. As a result, the department will act as exclusive consultants to Days Inns of America. "This has a twofold impact," explains Berlin. "First, it takes food and beverage off the P&L statement as fixed payroll and fixed overhead. Second, as consultants we have the ability to work with others as well as Days Inns." The long-term impact of this decision will no doubt be watched with interest by others.

CONFIDENT OUTLOOK. "Travel has picked up and the economy lodging segment has made travel more accessible to more people," says Steve Marcus, chairman and chief executive officer of Milwaukee-based Budgetel Inns. Budgetel operates hotels, restaurants, and movie theaters throughout the Midwest. Today, there are 62 Budgetel Inns. Next year, 10 to 20 inns should be added.

But there is no foodservice at Budgetel Inns. Rather, the properties are located adjacent to family restaurants. Since parent Marcus Corp. also operates Marc's Big Boy restaurants, Captain Steak Joynts, and a Kentucky Fried Chicken franchise, it's not unusual to find one of these next door to an inn. In a Milwaukee unit, the inn is physically connected to a Big Boy.

International expansion is crucial to today's hotel operators. "Market share is the name of the game today," says Saul

Stouffer Hotels has repositioned its operational focus so that managers spend more time on the floor with customers.

Leonard, national partner of Laventhol & Horwath (L&H) Leisure Time Industries, Los Angeles. "This means taking care of the customers you have when they leave domestic shores. You need to be there in other parts of the world when your customers arrive."

"The international market offers great opportunity for growth," says Don Clawson, vice president of food and beverage for Radisson Hotel Corp., a division of Minneapolis-based Carlson Companies. Radisson has been expanding at the rate of one hotel every 10 days. Currently, there are 122 domestic properties and 46 international hotels. By year-end, 200 properties should be open.

Omni Hotels' plan to double in size over the next 18 months is still on track, despite the sale of the 39-property chain to World International (Holdings) Ltd., and its associate, The Wharf (Holdings) Ltd. Hong Kong-based World International is a diversified group with interests in prime investment properties, hotels, terminals and transportation properties, retailing, and computer services. The $3.5 billion company purchased Omni Hotels Group for $135 million in late June. Indeed, having a parent with deep pockets may help the Hampton, NH-based Omni Hotels group's continued expansion, both in domestic and international markets.

Marriott Hotels & Resorts continues to grow at an average annual rate of 20%, with international expansion targeted as the greatest opportunity for growth in the 1990s. And, the Washington, DC-based lodging giant continues to meet consumer demands by providing concepts in each market segment. The 361-property chain now includes long-term stay suites (Residence Inns), moderately priced hotels (Courtyard by Marriott), and budget hotels (Fairfield Inn by Marriott), as well as traditional full-service hotels and resorts.

1986: $11,383,000,000
+ 6.4% Sales Growth

1987: $12,211,000,000
+ 7.3% Sales Growth

1992: $17,593,000,000
+ 7.6% Compound Annual Sales Growth

"This strong segmentation is a response to the consumer's desire for choice in lodgings," says Karl Kilburg, vice president of food and beverage for Marriott Hotels & Resorts. This segmentation has also had an impact on foodservice. For example, at Marriott's Residence Inns, the only foodservice provided is continental breakfast. However, since Residence Inns are meant to attract guests for an extended stay, the hotel will shop for food to stock the in-suite kitchen. Foodservice is nonexistent at the Fairfield Inn by Marriott, the chain's entry into the budget segment.

Kilburg says that consumers' increasing sensitivity to pricing has had an impact on foodservice in full-service hotels. "There is tremendous pressure on price points," says Kilburg. "Each time someone prices the menu higher than the competitors (freestanding restaurants in the community), hotels will lose customers. Today, the marketplace will not allow check increases to move higher than inflation rates."

In addition, he says "casual" concepts are maintaining and increasing customer counts. "The consumer is basically interested in a casual environment, simple, well-prepared food, and a reasonable price," says Kilburg. In response, Marriott has converted 20 of its restaurants to casual concepts. Those restaurants are primarily focused on seafood.

Italian restaurants are also popular alternatives to traditional hotel dining rooms. Currently, Marriott Hotels & Resorts are in the midst of a national promotion called "Italy at the Table." Sponsored in conjunction with the Italian Trade Commission, all of Marriott's popularly priced restaurants feature a second menu of Italian specialties. The *teppan* style of Japanese cooking is also featured in a number of restaurants. "We have found these restaurants to have the casual appeal our customers prefer," explains Kilburg. "As a result, they do not experience the declining traffic of the upscale dining rooms."

In fact, the traditional upscale hotel dining room is not faring particularly well in today's competitive environment. "There is a price resistance to upscale dining," says Kilburg. "While every hotel has an upscale restaurant, I would not rush to build a new one unless it was in a resort or a very distinctive location. Developing an upscale dining room is now a market-by-market decision."

PRODUCT IMPROVEMENT. "The days when you could open the doors of a hotel restaurant and be successful are 20 years in the past," says Giulio Comacchio, vice president of food and beverage for Solon, OH-based Stouffer Hotels and Resorts. "In the 1970s we managed our properties from the back offices. Today, for hotel restaurants to be successful, the manager must be up front, where the customer is."

As a result, Comacchio says that Stouffer customers "enjoy an honest, true meal with good food and good service. You must offer good value." To this end, Comacchio is developing menus that are customer-oriented. "We monitor the market where we are located and analyze the market segment. We try to offer people what they really want."

In Windows Restaurant and Lounge, in the recently opened Stouffer Hotel in Baltimore's Harborplace, it was determined that the contemporary restaurant should feature a section of regional cuisine. As a result, the menu features "Crab Cuisine," which includes pan-fried crabmeat cakes, sautéed soft shell crab,

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Hotel/Motel Market: Foodservice Sales	1986 Units	1986 Sales ($000,000)	1986 Purchases ($000,000)	1986 vs. 1985 % Sales Growth	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth	1992 Sales ($000,000)	1987 - 1992 % Compound Annual Sales Growth	
									Nominal	Real
Hotels	15,704	9,404	2,896	7.5	10,166	3,106	8.1	—	—	—
Motor Hotels	1,777	754	234	1.7	782	242	3.7	—	—	—
Motels	8,904	1,225	390	1.3	1,263	400	3.1	—	—	—
Total	26,385	11,383	3,520	6.4	12,211	3,748	7.3	17,593	7.6	3.2

and lump crabmeat and spinach lasagna entrees. In addition, a raw bar offers oysters and clams on the half shell, which are sold by the piece, the half dozen, or a special baker's dozen.

Monty Eberhardt, director of food and beverage for the property, says the restaurant's been a success. "At first we had to tell the bellhop to recommend other restaurants because we could not keep up with the demand," says Eberhardt. Today, the 156-seat restaurant attracts a good mix of both hotel guests and local customers.

Similarly, the two restaurants at the recently opened, 376-room Vista International Hotel at Newark Airport capitalize on local tastes.

The 120-seat Garden State Restaurant features a menu that showcases fresh produce grown in New Jersey. According to Vladimir Reyes, food and beverage manager for the hotel, "the menu features as much fresh state-grown produce as possible." In fact, the hotel has entered into an agreement with the state's Department of Agriculture to develop and use point-of-sale materials featuring the statement, "Jersey Fresh from the Garden State."

In another move to build community acceptance, the hotel's fine-dining restaurant revives a popular concept from 20 years ago. "The 82-seat Newarker restaurant is not an attempt to copy the original Newarker restaurant that was operated by Restaurant Associates," explains Reyes. "Instead, it will recapture the spirit of fine food and fine service that once brought a restaurant in Newark to international attention."

MAKING THEIR BID. Aggressive marketing and promoting of hotel restaurants is more noticeable as hotel restaurants make their bid to attract local customers. For example, Avanzare, the contemporary Italian restaurant at the Hyatt Atlanta, merchandises antipasto dishes and individual-sized pizzas for takeout. "People can pick up their orders and dine by the pool, directly outside of Avanzare, or take their lunches back to the office or to the park," says Marjorie Mobley, the restaurant's manager.

For $4.95, customers have a choice of four chilled antipasto salads from the 12-item take-out buffeteria. Selections include shrimp and cucumber salad, bowties and marinated chicken with pesto, Italian sausage with roasted peppers, marinated mussels and clams, and prosciutto and melon. Personal pizza, priced at $6.95, is available with such toppings as bay shrimp, clams, fontina cheese, pepperoni, Italian sausage, onions, green peppers, or mushrooms. The restaurant guarantees express orders will be ready for takeout in five minutes.

Don Clawson, vice president of food and beverage for Radisson Hotels, is a strong proponent of marketing hotel food and beverage. As a result, it is not surprising to find that promotions within the chain are backed by point-of-sale materials, including buttons, fliers, table tents, and special menus.

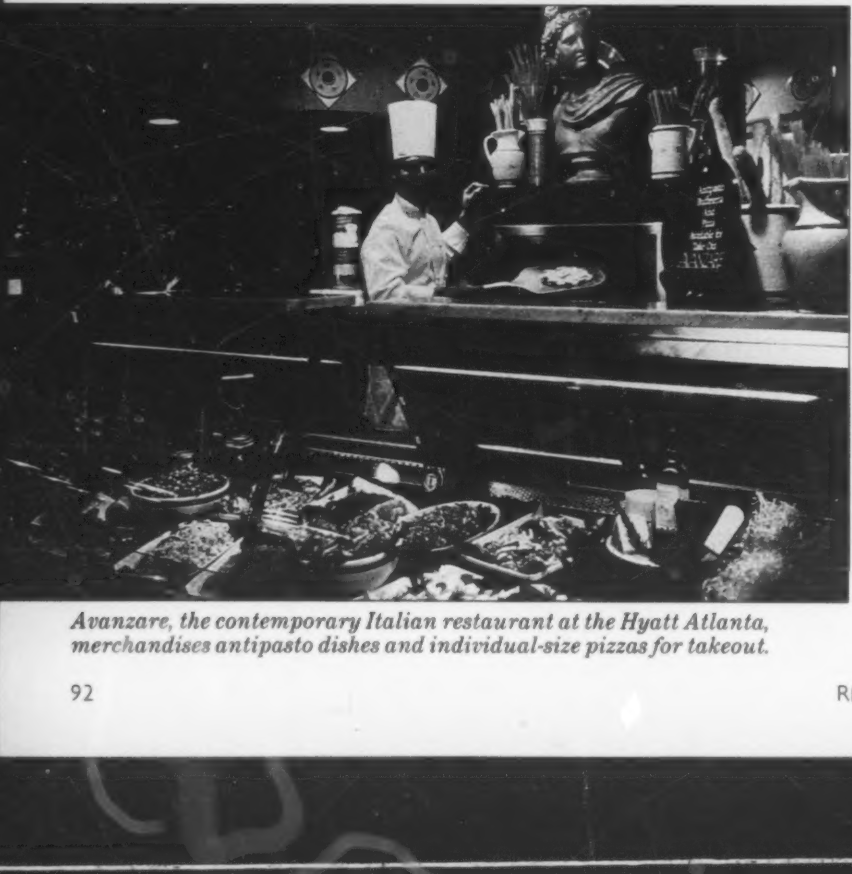
"We provide the resources to make the food and beverage marketing programs successful," says Clawson. Radisson is particularly committed to American regional cuisine promotions. For example, the chain ran a "Summer on Nantucket" promotion, which included a special menu of summer cocktails, featured wine selections, and a menu reflecting the picnics, barbecues, and informal dinners that characterize summer meals. For $200, food and beverage managers at the company-operated and franchised properties received props, giveaways, posters, menus, incentive programs, recipes, photo specs, purchasing arrangements, guidelines, and a training manual. Similar materials were developed for other promotions: "Taste California Style," "Napoli Pizza, The Pizza With Pizzazz," and "Grand Expectations," an ice cream program.

Clawson's commitment to food and beverage marketing has its roots firmly planted in the bottom line. "These programs are the hard-nose, raw basics," he says. "What we are trying to do is set up promotions at a lower cost for the properties. We want to ease implementation, not control creativity. By controlling costs we can do things right."

GROWTH OPPORTUNITIES. In looking for additional avenues of growth, some hotel chains have expanded into life-care and/or retirement communities. Marriott, for example, operates several life-care facilities. Recently, Chicago-based Hyatt Corp. began construction of its Classic Residence rental housing complex for seniors in Teaneck, NJ.

Hyatt, in a partnership with Cleveland-based developer Forest City Enterprises Inc., is constructing a 232-unit complex, complete with housekeeping services, recreational facilities, scheduled transportation to surrounding communities, and a full-service restaurant for the exclusive use of residents and their guests. In addition, an Assisted Living Wing will provide residents requiring extra attention with a nurse or attendant on 24-hour duty. This wing will also provide three meals a day in a separate dining area.

Scheduled to open in mid-1989, the $30 million Classic Residence by Hyatt will offer one- and two-bedroom apartments with fully equipped kitchens, one or two baths, and living room and dining room. Monthly rental fees will range from $2,200 to $2,650.–**Denise M. Brennan**



Avanzare, the contemporary Italian restaurant at the Hyatt Atlanta, merchandises antipasto dishes and individual-size pizzas for takeout.

21ST ANNUAL RGI

THE TRANSPORTATION MARKET

AMERICANS ARE TRAVELING IN GREATER AND GREATER NUMBERS, FUELING GROWTH IN THE SEGMENT.

Sales in the transportation sector of the foodservice industry rose sharply last year as domestic and foreign travelers alike took to the roads, rails, seas, and skies in greater numbers. Aided by gains in the passenger and cargo ship subsegment, foodservice sales in the sector grew by 9.7% to nearly $3.3 billion in 1987, according to RGI figures.

While the weakened dollar may have kept some Americans from traveling abroad last year, the Washington, DC-based U.S. Travel Data Center reports that a record amount was spent on travel in this country. In 1987, domestic and foreign travelers spent a total of $289 billion in the United States, a sizable increase of 8.3% over the $270 billion spent the year before.

But while travel spending increases, airlines continue feeling the destabilizing effects of deregulation nearly a decade after its passage. As a result of price wars and lower fares, the number of airline passengers is still climbing. More than 447 million passengers were boarded by U.S. carriers in 1987, an increase of 28 million over 1986, according to the Air Transport Association (ATA), Washington, DC.

At the same time, however, lower fares have forced carriers and contractors to tighten their belts. According to the ATA, airlines spent over $1.6 billion on food in 1987, about 3.5% of their operating expenses. That's only 0.1% (or $200 million) over 1986.

"Because few airline executives believe that foodservice is absolutely essential to the flying public, foodservice is a prime target for budget cuts," says Mary Tabacchi, an associate professor at Cornell's School of Hotel Administration in Ithaca, NY.

On average, major carriers spent $4.21 on food per passenger during the third quarter of 1987, says *Aviation Daily*, an industry trade journal.

"Airlines are watching their pennies, so everybody is very cost-conscious," points out Philip Cooke, executive administrator for the Inflight Foodservice Association in Louisville, KY. Cooke adds, however, that "the airlines are very aware of the fact that the consumer wants better quality meal service in flight."

And, according to a recent survey conducted for Cornell by the Gallup Organization, more than 40% of the frequent flyers and 56% of infrequent flyers polled reported that airline meals have improved.

SHORTER FLIGHTS. With airlines using the hub city approach to routing passengers, shorter flights are now the norm. This has left less time to serve meals while in the air. As a result, a number of airlines have turned to prepackaged meals and snacks. Irving, TX-based Braniff, for example, has stopped offering hot meals altogether, opting instead for prepacked lunches and combo packs. The switch has allowed Braniff to replace space-gobbling galleys with extra seats and coffee makers.

Atlanta-based Delta Airlines, which serves almost four million meals a month, is also featuring more cold dishes, but only on some flights, explains Charles Doherty, director of dining services. On flights under two hours, passengers are served either soup and sandwich or soup and salad. "It works well on short flights, but not on those over two hours," says Doherty. "Then, they expect hot meals."

But if cold dishes and snacks are more evident, so are healthier alternatives, says Michael Marchant, president of the Inflight Foodservice Association and vice president of sales and marketing foodservices for Flushing, NY-based Ogden Allied Aviation Services. "Lighter dishes are far more apparent than ever before. We're seeing more seafood, chicken, and pasta."

However, not all airlines are pulling the plug on upscale fare. Milwaukee, WI-based Midwest Express Airlines, in

Amtrak is upgrading and regionalizing its foodservice in order to spur additional customer—and dollar—volume.

1986: $3,003,000,000
+ 9.8% Sales Growth

1987: $3,295,000,000
+ 9.7% Sales Growth

1992: $5,523,000,000
+ 10.9% Compound Annual Sales Growth

fact, emphasizes a high-end meal service to set it apart from the competition. Where other airlines spend about $4 for each meal, Midwest Express spends $11.60. Passengers have their choice of such upscale dishes as braised grouse, poached Alaskan salmon, and chilled beef Wellington. All meals are served on china and accompanied by complimentary French wines or Champagne. Ridership on Midwest is expected to double to 500,000 this year.

And not all caterers agree that the general mood is one of austerity. George Alvord, vice president of marketing and sales for Dobbs International Service Inc., Memphis, maintains that strategies are very diverse, depending upon the airline.

Nevertheless, he adds, "The airlines have been keeping better pace with restaurants in terms of trends during the past year than in a long time."

Dobbs International, which was acquired by Greyhound last year, serves about 60 airlines from 49 flight kitchens. Alvord says that the company will continue to expand by upgrading existing facilities and adding new locations throughout 1989—the most recent of which was in Orlando, FL.

Concession Air, headquartered in Dallas, projects 1988 revenues to be $180 million, up $20 million from last year's total. Spokesperson Kim Peacock says that while customer counts have remained steady, the company continues to open new airport facilities. In addition to serving some 50 million customers on 11 airlines, Concession Air operates in 45 terminals nationwide. It expects to open new facilities in Palm Beach, FL, later this year, and San Jose, CA, in 1989.

Marriott's In-Flite division, based in Bethesda, MD, serves about 135 million meals annually on 150 airlines. The company operates 96 flight kitchens, and expects to open a new foodservice facility in Phoenix, AZ, this year.

Host International, a Marriott division based in Santa Monica, CA, has enjoyed an increase in foodservice sales in terminals as a result of the recent emphasis on shorter trips. Operating facilities in more than 50 airports, Host is continuing to test its Fresh Express concept, featuring made-to-order salads, fresh juices, pizzas, and pastas.

RIDING THE RAILS. Ridership and sales are also up on the nation's railroads. Washington, DC-based Amtrak boarded 1.9 million passengers in 1988, the last month for which such figures were available—an increase of 6.6% over last year's figure. Harry Kabel, director of food and beverage for Amtrak, estimates that total food and beverage sales are up 10% this year to about $60 million. While snack and sandwich service accounts for a sizable portion of that increase, Amtrak has also seen a jump in its full-service dining segment as a result of its upscale regional meals program implemented in late 1987. The new menus, which change from region to region, offer such dishes as roast duckling, spare ribs, and chicken cutlets, as well as a number of fish items and Cajun specialties. The check average runs between $7.50 and $8.50 per person, and Kabel says that meals in the full-service sector have increased by 5% over last year.

Cruise and passenger ship lines are also experiencing a banner year, as reflected in a 16.5% leap in foodservice sales. According to the New York-based Cruise Lines International Association, a trade group for the industry, an estimated 3 million people will go on cruises in 1988, up 11% over the 1987 total of 2.8 million.

George Devol, president of the World Ocean and Cruise Lines Society, Stamford, CT, says that aggressive television marketing, a growing number of three- to four-day cruises, and competitive pricing are contributing to the surge in popularity.

In the bus category, however, passenger counts continue to decline by about 15% a year—largely as a result of the airline deregulation. Nevertheless, the merger last year of Greyhound and Trailways has increased the customer count—hence artificially inflating sales-growth results—for the Phoenix-based Greyhound Food Management Inc. (GFM), says president Joseph Fassler. At the company's 47 Post House operations, sales are up about 10%, due to the larger customer base. Most of GFM's Burger King restaurants in terminals are experiencing flat sales. Three highway locations, however, boast 10% sales increases.

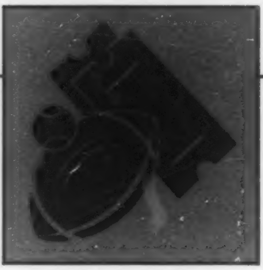
GFM's Truck Stop Systems Group, comprised of eight locations, is currently under scrutiny. Fassler says that either the company will expand by acquiring another truck stop company or will get out of that side of the business altogether. "We'll either do it in a big way, or simply maintain what we've got, but not grow," he says.

Marriott's highway catering division intends to keep expanding its Travel Plaza concepts by about 20% a year. Travel Plazas are operated along toll roads, and include such fast-food concepts as Roy Rogers, Popeyes, Burger King, and Sbarro. With 100 already open, the company expects to add another 20 or so by the end of the year.

–Paul Frumkin

	1986 Units	1986 Sales ($000,000)	1986 Purchases ($000,000)	1986 vs. 1985 % Sales Growth	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth	1992 Sales ($000,000)	1987 - 1992 % Compound Annual Sales Growth	
									Nominal	Real
Air & Rail *(in transit)*	100	1,548	755	9.0	1,695	827	9.5	2,905	11.4	7.5
Terminal Facilities	274	764	252	8.5	[illegible]	273	8.1	1,231	8.3	3.8
Highway *(Interstate)*	N/A	473	153	12.6	520	168	9.9	841	10.1	5.6
Passenger & Cargo Ships	58	218	120	14.8	254	140	16.5	548	[illegible]	[illegible]
Total	432	3,003	1,280	9.8	3,295	1,407	9.7	5,523	10.9	6.8

21ST ANNUAL RGI



THE LEISURE MARKET

THE FACT THAT SO MANY AMERICANS ARE TRAVELING DOMESTICALLY IS HELPING MANY LEISURE OPERATORS.

The leisure market, after experiencing healthy growth in the last two years, is expected to continue growing at a level clip between now and 1992. According to the annual *Restaurant Business* Restaurant Growth Index, the leisure market will grow at a 1.9% real compound annual rate (with inflation factored out). Nominally, growth for the five-year period is expected to top 6.2%, up from the 1986-1987 growth rate of 5.8%.

But, while the overall growth rate is healthy, a further breakdown of the segment reveals some differences. Bowling lanes will continue with sluggish nominal growth in the neighborhood of 2.8%. Clubs will demonstrate far healthier nominal growth at 6.3%, while theme parks—which constitute almost half of the segment's total sales—will remain the star of the segment, with 7.2% nominal growth projected between now and 1992.

Theme parks are becoming an ever-more popular destination, as gas prices remained low for the third consecutive summer and the American dollar fared poorly on the exchange market. Many of the companies running theme parks are taking advantage of the situation by further developing existing properties, and adding new attractions. At the same time, theme park management is adding new dining concepts to attract a "better" level of consumer. Upscale dining in theme parks, while not commonplace yet, is becoming more available.

DRAMATIC DEPARTURE. Lake Buena Vista, FL-based Walt Disney World Co. recently opened the 901-room Grand Floridian Hotel at its Walt Disney World complex. The property features six restaurants, one of which is a "dramatic departure" for Disney, according to Rino Armeni, food and beverage director for the Grand Floridian. That restaurant, Victoria and Albert, says Armeni, "is virtually a walk back to 1900. Customers come in and enter the past."

The restaurant features "maid and butler" service for a menu that changes daily and includes three appetizers, one soup, four entrees, and a soufflé. "It is a very fancy, two-and-a-half-hour experience," says Armeni of the typical meal. Two seatings—at 6:00 and 8:30 p.m.—fill the 53-seat restaurant each night. The cost is quite high for Disney, at $65 per person, excluding gratuities.

The Grand Floridian offers five other restaurants, including a buffet, a fast-food restaurant, and a cafe. Two other themed units are 250-seat Flagler's, where singing waiters serve a Mediterranean menu featuring pasta and seafood, and Narcoosee's, a restaurant offering grilled fish and meats prepared in a display kitchen. "We have created restaurants that are different and fun," says Armeni. "We're trying to attract hotel patrons and Disney World guests as well as locals." He says a family staying for six days could eat in a different restaurant every night.

A new twist for the leisure market will be Baltimore's Fishmarket, scheduled to open this fall three blocks from Baltimore's Inner Harbor. The Inner Harbor, a wildly successful Rouse Co. retail and dining development in downtown Baltimore, attracts a large number of visitors each year, and management of the new Fishmarket hopes to tap into that audience as well as attract new patrons. According to Ennis Jordan, manager of Baltimore's Fishmarket, the complex will be a combination of six clubs and two restaurants designed to attract a large number of people. For one admission fee—$6—consumers will be able to take advantage of the facilities of the six nightclubs or dine at

The Grand Floridian Hotel at Walt Disney World in Florida is the theme park's newest—and perhaps its showiest—property.

1900 Park Fare is one of six restaurants at the Grand Floridian, ranging from a buffet to an elegant prix-fixe dining room.

the Charm City Diner, a 150-seat, 24-hour 1950s-style diner, or the Fishmarket Grill, a display-kitchen facility offering a menu of grilled fish and meats. The Grill, with 225 seats, expects a check average of $15, while the Charm City Diner anticipates a check average of $7 to $8.

"The facility will be geared to locals as well as tourists and convention-goers," says Ennis. The main club, which can hold 2,000 people, will offer an ever-changing variety of acts and types of dance music. "It won't be just disco or swing all the time," says Ennis. "To keep people's attention, especially locals, we'll be changing the format all the time." Baltimore's Fishmarket, according to Jordan, is a first in this type of leisure facility, and has been put together by the McCourt Company of Boston, a real estate developer. "This hasn't been done before, and we think we have a successful formula," says Jordan.

FAMILY SECTIONS. The leisure market is broad and varied, and sports stadiums and arenas are included within this market segment. This year, at baseball stadiums, the big news has been the creation of family sections in the stadiums, where the purchase or consumption of alcohol is prohibited. Rowdy crowds in many sports stadiums have led to an enforced reduction in alcohol sales.

1986: $5,212,000,000
+ 5.6% Sales Growth

1987: $5,514,000,000
+ 5.8% Sales Growth

1992: $7,464,000,000
+ 6.2% Compound Annual Sales Growth

This summer, McDonald's became the first fast-food operator to tap the stadium market when it signed with Exhibition Stadium in Toronto. Some 52 food stands will be opened by next year in the 60,000-seat stadium, which is home to the Toronto Blue Jays.

Philadelphia-based ARA Services will once again provide foodservice and consulting services at the 1988 Olympics. In Seoul, though, according to David A. Flaherty, a spokesman for ARA, the number of people involved and the number of meals will be larger than ever. ARA began Olympic foodservice in 1968 at Mexico City, and, since then, its role has expanded. This year, ARA will operate three different contracts. It will provide all the foodservice for NBC, which will broadcast the Olympics to an estimated one billion people worldwide; it will oversee foodservice for 17,000 athletes; and it will set up concessions at spectator locations—to feed up to five million people—which will then be operated by Koreans.

According to Paul Cerullo, a member of the ARA Olympic "team," a five-day menu cycle will offer the athletes five entree possibilities for breakfast, lunch, and dinner. "The menu is designed to satisfy the average athlete's need for 6,000 calories per day," he says. Cerullo's group will purchase 40,000 pounds of rice, 272,000 pounds of meat, and 274,000 pounds of fruit. In addition, a wide variety of meals representing the cuisines of various nations will be prepared and served. **–Kevin Farrell**

Leisure Market: Foodservice Sales	1986 Units	1986 Sales ($000,000)	1986 Purchases ($000,000)	1986 vs. 1985 % Sales Growth	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth	1992 Sales ($000,000)	1987 - 1992 % Compound Annual Sales Growth	
									Nominal	Real
Theme Parks, Arenas, Stadiums & Tracks	N/A	2,504	804	7.2	2,677	857	6.9	3,782	7.2	2.8
Movie Theaters *(Including Drive-ins)*	2,785	229	67	0.3	243	71	6.1	322	5.8	1.5
Bowling Lanes	3,822	733	246	2.8	752	252	2.6	863	2.8	-1.4
Summer Camps & Hunting Facilities	2,806	126	76	3.0	131	79	4.0	172	5.6	1.9
Clubs	10,310	1,620	637	5.4	1,711	673	5.6	2,325	6.3	2.0
Total	19,723	5,212	1,830	5.6	5,514	1,932	5.8	7,464	6.2	1.9

21ST ANNUAL RGI

THE RETAIL MARKET

THE RETAIL MARKET IS OUTPERFORMING THE INDUSTRY THANKS IN PART TO THE C-STORE SUBSEGMENT.

The retail market is quickly outpacing the foodservice industry in almost every way. Although retail segment growth, in terms of total sales, has fallen off somewhat from 1986 levels, at 11.4% its 1987 growth is by far the most impressive of all foodservice segments. In addition, the real growth rate expected between now and 1992 is 8.7%, easily outperforming the most optimistic scenarios for all other market segments in the industry.

Clearly, the heat in the retail segment is being generated by convenience stores, represented by both grocery and gasoline station subsegments. Between now and 1992, grocery and convenience-store foodservice real sales are expected to increase 13.1%, while sales at gasoline stations with foodservice will increase 11.2%, driving the convenience food store category as a whole forward by 12.4%, according to *Restaurant Business'* Restaurant Growth Index.

Other specialized retail stores, including supermarket chains, independent grocery stores, and specialty food stores, should enjoy the second highest measure of real growth, pegged at 5.4%. Other segments of the retail market will not fare as well, however. Drug- and proprietary-store foodservice sales are expected to decline by 2% over the next five years, and variety-store foodservice sales will drop by 1.6%. Department stores, formerly the mainstay of the segment, experienced respectable growth in 1986 and 1987, but overall sales for the five-year period ending in 1992 are expected to advance less than 1% with inflation factored out.

Seattle-based Nordstrom Inc. is upgrading foodservice to attract more shoppers. Shown: a unit in Escondido, CA.

COMPETING WITH THE 'OUTSIDE.' More than ever, foodservice in department stores, convenience stores, supermarkets, and drugstores is being positioned to compete with restaurants outside the retail domain.

And, in large part, this strategy is responsible for the above-average growth the segment will experience. For convenience stores, the competition is clearly fast-food restaurants. For department stores, the key is in making foodservice an integral part of the merchandising package, designed to keep shoppers in the store while they dine. For supermarkets and other grocery stores, the idea is to attract shoppers to purchase food ready to be consumed.

Again, the competition is restaurants outside the retail environment. "Absolutely," says Stephen Schwitalla, vice president of foodservice for the Circle K Corp. of Phoenix. "Fast feeders are our true competitors for the foodservice dollar." Circle K is committed to maintaining its position in foodservice. Space dedicated to foodservice now accounts for about 20% of total square footage in most stores, up by about 50% in the last three years. And 80% of the chain's marketing budget is earmarked for advertising foodservice. In the last year, Circle K has added delis in about 100 stores, bringing the total of in-store deli installations to 500, or about 10% of all units. Circle K just purchased 1,000 7-Eleven units; Schwitalla says foodservice programs in those units will be kept intact.

The K mart Corporation of Troy, MI, is also aggressively expanding its foodservice operations. According to Gary W. Prosser, director of foodservice operations for the 2,200-unit chain, a new concept called "The Eatery" is currently in test in one Califor-

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For more information on Wisconsin Milk Marketing circle number 266→

nia store. "It combines our deli and cafeteria operations at the front of the store," says Prosser, who adds that part of the strategy is to keep patrons in the store to eat. "Our competition is definitely the fast feeder nearby," he adds. "We often have a fast-food unit right outside the door or on the pad."

The menu at the new Eatery concept includes hot dogs, hamburgers, french fries, and popcorn and other snack items. According to Prosser, results so far in the one store are good and he anticipates that the test will soon be broadened. He also points out that the company's commitment to foodservice is expanding, with foodservice now available in about 75% of the chain's stores, and the number of installations is increasing rapidly.

MORE SERVICE. Although some department stores are cutting back on foodservice, or are contracting it to outside suppliers, a number are broadening operations. Seattle-based Nordstrom Inc., a chain well known for its attention to customer service, is expanding its foodservice concepts to offer consumers more service in the stores.

"We've always treated customers like kings in the stores, but our foodservice has generally been self-service," says Jim Dickinson, general manager of restaurants for Nordstrom. "Now, we're changing that." As a result, merchandisers from other departments have expressed interest in being located near the foodservice facilities in remodels and in new stores, because foodservice attracts so much traffic.

1986: $7,052,000,000
+ 13.8% Sales Growth

1987: $7,860,000,000
+ 11.4% Sales Growth

1992: $14,658,000,000
+ 13.3% Compound Annual Sales Growth

A new downtown San Francisco store is expected to open in October, and it will contain four new restaurants for the chain. "Champagne Exchange" will offer champagnes by the glass and caviars, and will be located in the women's better clothing area and carry a healthy $25 check average. "The Pub," located in the men's department, will provide a full bar with a sandwich menu and a $5 check average. "The City Cafe," with 80 seats, will offer appetizers, pastas, fish entrees, and other light foods, and Nordstrom's "Cafe Express," a self-serve area, will also be incorporated. "Foodservice is not a necessary evil for Nordstrom anymore," boasts Dickinson. "We must carry our own profit."

"Not only are we self-supporting, but we're expanding significantly," says Rod Fensom, marketing manager of the restaurant division for Marshall Field's & Co., Chicago. A $110 million expansion program is underway chainwide, and restaurants are expected to grab a significant share of the pie, according to Fensom. Six new restaurants will emerge on the ground floor of the chain flagship store on State Street in Chicago. They will surround a food court that will offer Mexican food, pizza, hamburgers and hot dogs, and chicken.

In addition, an on-premise bakery and an extended deli case for takeout will be provided. "I think we're going counter to the trend in retail foodservice," says Fensom, "because we're expanding all our foodservice operations." In addition to the work in the basement, the seventh floor of the main store will also undergo many changes. A grill will join an ice cream parlor and a Viennese cafe. The grill will be based on an "Old Chicago" theme and will offer historically popular foods such as frogs' legs, shrimp de Jonghe, and various roast beef specialties. "We've gotten a real vote of confidence from our consumers and from the stores' management," notes Fensom.

Bob Jones, vice president of foodservice for Dallas-based Neiman-Marcus, agrees. "Our business is very good. We're experiencing increases in both traffic and sales in our areas." Jones is most excited about a new concept going into some Neiman-Marcus locations. It will be called "Cafe N-M" or "N-M Cafe," and Jones describes it as a "bistroette," offering light entrees, salads, soups, and drinks all day. "We're aiming for a look of casual elegance, with a $7.50 to $8 check average," he says.**–Kevin Farrell**

Retail Market: Foodservice Sales

	1986 Units	1986 Sales ($000,000)	1986 Purchases ($000,000)	1986 vs. 1985 % Sales Growth	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth	1992 Sales ($000,000)	1987 - 1992 % Compound Annual Sales Growth	
									Nominal	Real
Department Stores	4,932	1,092	383	3.8	1,138	395	4.2	1,457	5.1	0.8
Variety & General	5,213	293	103	-1.7	300	105	2.4	341	2.6	-1.6
Drug & Proprietary	10,468	449	158	2.6	461	162	2.7	513	2.2	-2.0
Total Convenience Stores	65,976	3,983	1,282	21.5	4,616	1,481	13.9	10,193	17.2	12.4
Grocery	35,486	2,456	790	23.6	2,883	924	17.4	6,566	17.9	13.1
Gasoline Stations[1]	30,490	1,527	492	18.3	1,733	557	13.5	3,627	15.9	11.2
Other Specialized Retail Stores[2]	19,061	1,235	393	9.2	1,345	427	8.9	2,154	9.9	5.4
Total	105,650	7,052	2,319	13.8	7,860	2,570	11.4	14,658	13.3	8.7

1. Gasoline c-store units revised.
2. Other specialized retail stores include: supermarket chains, independent grocery stores, specialty food shops (such as cheese stores), and miscellaneous retailers such as liquor and book stores.

THE BUSINESS & INDUSTRY MARKET

AS CLIENTS PUSH TO CONTAIN COSTS, B&I CONTINUES TO FOLLOW COMMERCIAL TRENDS.

With 2.1% real compound annual growth projected for 1987-92, the outlook is brighter for business and industry feeding than for other contract segments. However, B&I growth still lags behind the total foodservice industry and particularly its commercial sector rivals, limited- and full-menu eating places, which have projected 2.8% and 3.9% real compound annual growth rates, respectively, over the next five years.

"We're probably going through a periodic cycle of consolidation after great growth in recent years," says Phillip Cooke, executive vice president of the Louisville, KY-based Society for Foodservice Management. "Companies are taking a hard look at expansion, asking if they need executive dining rooms and if they should downsize square footage because of the high cost of building."

Commercial restaurants are indeed the yardstick by which B&I operations are measured. Steam-table entrees and dreary cafeterias cannot compete in a saturated market peppered with sophisticated restaurant marketers. B&I players are adopting fresh foods, interesting menus, eye-catching environments, and new services. Along the way, old attitudes are fading. "We don't use the term B&I here," says president and CEO Gus Gregory of Miami-based Total Food Service Direction. "We're restaurateurs."

Stephen Elmont, president of Boston-based Creative Gourmet, puts it even more strongly. "I don't think there's any difference between what we do and what the Four Seasons does."

REDUCING SUBSIDIES. Spurring the segment is increasing pressure from clients to reduce subsidies and maintain operations that break even or do better. Impetus for reducing subsidies comes from the IRS requirement that the price of a meal offset the cost of food and labor, or else be taxed. As a result, some client companies are eliminating foodservice subsidies and requiring employees to pay full price. Others go to the opposite extreme, declaring foodservice an amenity for employees at no charge.

Special Event

Canteen's cafeteria line at Raytheon Co. in Sudbury, MA, features separate self-serve stations.

"Companies will look more to foodservice as a cost, and want to turn it into a profit center," says Michael Barclay, vice president of Southern Foodservice Management, Birmingham, AL. "Non-subsidized operators will become much more prevalent than subsidized ones."

One consequence of shrinking subsidies may be an increase in vending machine use. Vending is expected to have 2.1% projected real compound annual growth over the next five years. "Our vending business has been growing rapidly, both by itself and in conjunction with manual foodservice," says Joe Byrum, president of Mobile, AL-based Morrison's Custom Management.

Debit-card systems could be a major boost to vending. "In general, debit cards are not catching on as quickly as the projections might indicate," says ARA Services' vice president of marketing David Hatch. Cost and logistical problems make it difficult to provide vending machines with needed equipment.

Personalized service is a more pressing issue, says Hatch. ARA Services is promoting the Restaurant Collection, a set of four foodservice modules that go beyond simple vending. The most basic module is Options, a package that combines vending machines with portable hot and cold food merchandisers. The Emporium module offers expanded hot and cold food selections, allowing for limited on-site food preparation. The Deli Exchange features a salad bar plus prepackaged and make-your-own sandwiches. The Grille Works encompasses the features of all modules, plus cooked-to-order grilled foods. ARA has opened 100 modules in the past 18 months, in accounts ranging from $200,000 to $1 million in sales volume.

Segment leader Marriott Corp., Washington, DC—which has over 1,100 B&I accounts in 43 states and Canada—is focusing on a number of the same concerns as the retail segment, says senior vice president Charles O'Dell—namely healthy and convenience-oriented foods.

NEW AREAS. B&I players are expanding into previously unexploited areas, like office coffee breaks, takeout, sundry stores, and catering. Total Foodservice Direction corporate dining accounts remain open until 4 p.m. or later for employee breaks, for instance. The number of operators adding sundry stores to their dining services is growing. The marketing angle is convenient in-house shopping for employees, less lost work time, plus incremental sales.

Marriott's J.W.'s Market provides goods and services such as video rental, dry cleaning, snacks, take-home foods, flowers, film processing, gifts, and personal care items.

"The customer is telling us, 'I can't get control of the events in my life'," says Marriott's O'Dell. "Shopping at work enables him to do three or four things at one spot in 15 minutes."

Take 5ive at the First National Bank of Chicago "gives employees new options to use their break time efficiently," says director of corporate foodservice Steven Hammel. The store serves an estimated 500 to 700 bank employees per day from a 400-sq.-ft. space, with some seating. Products sold include commercially packaged frozen dinners, frozen yogurt, panty hose, postage stamps, gourmet coffees, fresh pizza, and candy. At Easter, Take 5ive sold some $10,000 worth of candy in a five-day period.

1986: $10,605,000,000
+ 4.9% Sales Growth
1987: $11,214,000,000
+ 5.7% Sales Growth
1992: $15,297,000,000
+ 6.4% Compound Annual Sales Growth

Three company sundry and food "canteens" have helped to offset reduced subsidies at Martin Marietta Missile Systems in Orlando, FL. The canteens sell a wide range of goods, including gourmet ice cream, 14-carat gold jewelry, stuffed animals, clothing with company logos, sports equipment, gourmet coffee beans, and fresh-baked goods.

Catering will be a $2.5 million enterprise this year for Rochester, NY-based Eastman Kodak, ranging from a company picnic for 5,000 to an executive dinner for 15. "About three years ago, management decided to eliminate the subsidy," says director of foodservice Bill Lembach. "They gave the green light to take some chances."

FOOD TRENDS. On the food scene, B&I continues to mirror mainstream food trends in the commercial sector, such as the increased use of pasta, pizza, and chicken dishes, operators report. Currently, there seems to be an absence of earthshaking new cuisines or menu items in the segment.

Fresh, scratch-made foods are becoming prevalent in the segment, especially for white-collar accounts. Among the items prepared by Total Foodservice Direction, a $10 million company serving 30 accounts, are salad dressings, fresh-ground coffee, and homestyle mashed potatoes. In-house bakeries allow splurging on seven-layer cake, hot cobblers, and *torte* Napoleon.

Southern Foodservice Management, which has 100 mostly white-collar accounts and $40 million in sales, has a fresh produce promotion with a farmer's market theme. It hooks into seasonal menus as well as providing take-out sales to employees.

Like many B&I companies, Wakefield, MA-based daka Inc. has served breakfast for some time, though now its importance is especially pronounced. "The growth of breakfast is related to the increase in working couples," says executive vice president Allen Maxwell. "It's part of the social fast lane."

"Bigger Better Biscuits" have helped Canteen Co. compete better in the breakfast daypart. "We found that customers of ours were stopping elsewhere for breakfast. Now we can keep their business," says spokesperson Sheldon Silver. A new steak biscuit has shown promise

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	1986 Units	1986 Sales ($000,000)	1986 Purchases ($000,000)	1986 vs. 1985 % Sales Growth	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth	1992 Sales ($000,000)	1987 - 1992 % Compound Annual Sales Growth	
									Nominal	Real
Contract Feeding In Plants *(primarily cafeteria)*	N/A	2,824	1,199	3.8	3,042	1,292	7.7	4,503	8.2	3.8
Contract Feeding In Business Offices	N/A	981	417	9.2	1,067	454	8.8	1,644	9.0	4.6
Internal Feeding—Plants & Business	3,573	1,694	728	0.7	1,682	723	-0.7	1,760	0.9	-3.2
Waterborne Employees	4,639	282	169	-2.4	276	166	-2.1	303	1.9	-1.7
Mobile On-Street Catering	N/A	668	206	6.5	708	218	6.0	1,025	7.7	3.3
Food Vending Machines *(excluding packaged soft drinks & candy)*	3,088	4,156	1,264	6.6	4,439	1,350	6.8	6,062	6.4	2.1
U.S. Defense Personnel	N/A	N/A	1,992	N/A	N/A	2,046	N/A	N/A	N/A	N/A
Food Furnished To Foodservice Employees	N/A	N/A	4,295	N/A	N/A	4,505	N/A	N/A	N/A	N/A
Total	11,300	10,605	10,270	4.9	11,214	10,754	5.7	15,297	6.4	2.1

Cold Drinks
Snacks
Hot Drinks

ARA Services' "Emporium" concept is part of a whole new series of vending modules, called the Restaurant Collection, now offered by the company to its B&I clients.

as a lunch item as well.

The biscuits are part of the expanding stable of signature menu items for Chicago-based Canteen, the $1.5 billion contract division of TW Services. Other signatures are Canteen's Classy Cookies, 2.5-oz. cookies in five flavors, and Spicy Country Fried Chicken and Spicy Fries.

NUTRITION. Nutritional awareness has certainly risen in the B&I segment. But are customers really practicing healthier eating? "Two years ago, I would have said no," says Joe Fassler, president and COO of Phoenix-based Greyhound Food Management, whose contract feeding division is called Restaura. "Today, I'd definitely say yes." However, Fassler says the bulk of Restaura's business remains centered in traditional food preparation. "Eating habits are changing, but I don't believe healthy dining will ever account for more than 50% of the market."

"People are eating better, but not seven days a week," says Elmont of Creative Gourmet, a regional foodservice contractor with 55 accounts and $35 million in sales. "Look at how they eat gourmet ice cream and jumbo cookies." He says that roast beef, fried chicken, and french fries are popular foods in B&I accounts since they aren't easily prepared at home.

ARA Services has sold between four and five million of its new Treat Yourself Right health-food-like snack bars since their introduction last November. The low-cholesterol, low-calorie, high-fiber snack complements ARA's ongoing Treat Yourself Right nutrition awareness program. The snack bars come in two flavors: peanut butter with a vanilla yogurt coating, and chocolate with a coconut yogurt coating.

MERGERS. In the aftermath of freewheeling merger activity in the B&I segment, fewer but larger players are bidding against each other for accounts. The offshoot is that regional companies are becoming more professional and competitive.

One company growing through mergers is daka Inc. With $180 million in volume, daka has grown rapidly through new accounts and acquisitions. In 1987, the company added 50 new accounts for a total of more than 400, including 159 B&I and 115 vending accounts. Its most recent merger was with the $1 million Chesapeake Management Services of Owings Mills, MD, in February.

Marriott Corp. acquired Quornden, a facilities management company, in 1987. It is now combining Quornden services with its own foodservice.

Another offspring of a merger is Morrison's Custom Management (MCM), which has recently completed its first year as the B&I division of Mobile, AL-based Morrison Inc., parent of Morrison's Cafeterias, as well as Ruby Tuesday's and L&N Seafood Grill restaurants. Morrison's acquired the former Custom Management Corp. of Kingston, PA, last year. MCM today is a $300 million contract management company that garners 23% of its business from dining services, the rest from education and health care feeding.

MCM's major project for the next few years will be its joint venture with Milco Enterprises of Memphis, to serve the massive General Motors SATURN auto plant in Spring Hill, TN. Expected to open in 1990, the 2,450-acre site will produce 250,000 automobiles annually and employ more than 4,000 workers. Milco primarily will develop multiple Break-Mart convenience store units, offering a variety of goods and services.

For its part, MCM will design a diverse foodservice system for SATURN comprising an estimated 1,200 seats. The program may include traditional "scramble-style" cafeterias as well as some of MCM's specialty concepts such as Daily Deli; Burgers, Etc.; Pepper's Pizza and Pasta; Hook, Line 'n Sinker Seafood; and Cisco's Mexican Fiesta; as well as an A la Cart mobile cart program and catering services.

Merger activity in B&I has also provided opportunities for smaller players, according to Total Foodservice Direction's Gregory, and has created a large pool of qualified managers.

What do operators foresee in the future of B&I? "With companies getting away from subsidies, you'll see better merchandisers, better operators in this segment," says MCM's Joe Byrum. "In three or four years, we'll really shake out the winners."

"I'm very excited about the future," says Marriott's O'Dell. "Too many people say this is a no-growth industry. I don't see a limit for us, following the health, convenience, and service orientation. We've got a great future."

–James Scarpa

21ST ANNUAL RGI

THE STUDENT MARKET

OPERATORS ARE PROVIDING WIDER MENU VARIETY AND NUTRITIOUS FOODS, AT GREATER CONVENIENCE

In the education segment, operators are meeting the challenges of an increasingly sophisticated customer base. Students—even in the lower grades—are demanding more, and foodservice operators are responding by providing wider variety in menu selection, more nutritious foods, and greater convenience.

In 1987, the education segment generated sales of $9.6 billion, an increase of 5.5% over 1986. Part of this growth can be attributed to an increase in student populations as the children of the baby boom generation enter into the school system. In response to this additional pressure, schools are turning to contract feeders to help contain costs and boost program participation. Colleges and universities, in particular, are using contract services in an attempt to keep the lid on skyrocketing costs.

According to RGI data, contract sales grew 8.9% among colleges and universities, while sales at self-operating units grew by 4.1%. "Contract feeders are attractive to colleges that don't have the time or money to meet the demands of today's students," says Clark DeHaven, executive director of the National Association of College and University Foodservices (NACUFS).

"Students have better lifestyles today, and schools want to make campus living as much like home life as possible," says Robert Dorfman, senior vice president of educational services for Marriott Corp. "We find that quality foodservice is now a factor in students' decisions about which college to attend."

The Washington, DC-based company has more than 400 accounts in colleges and universities, generating sales in excess of $450 million. Marriott, says Dorfman, has the resources to provide students with special services through its diverse divisions. Through its hotel division, for example, Marriott provides students with on-campus valet, laundry, and shoe repair services. In addition, Marriott recently introduced JW's, an on-campus convenience store, and JW's Bakery, a retail bakery concept.

Canteen Corp., which operates primarily in the business & industry segment, is treating participants in its college accounts to many of the same amenities it offers B&I customers, including upgraded decor and plate presentations. "In a couple of years, these students are going to be part of that B&I population," points out Sheldon Silver, vice president of marketing for the Chicago-based foodservice company. "So we've been taking food trends that are popular in our company dining accounts and translating them to the college market." Two menu innovations that have gone over well, says Silver, are the Pazzelli Pizza and the Bigger Better Biscuit programs.

Wakefield, MA-based daka Inc. has created a Reactive Management program, in which a group of unit managers hear student complaints, face to face, once a month. Students say they want fresher and lighter meals, and as a result of this program, more poultry and fish are being offered, and yogurt, tofu, and fresh produce are being added to salad bars. One amenity that daka has added in its 67 accounts is bottled water. "The kids love it," says Allen Maxwell, vice president. "It's also cheaper than soda and better for you."

INDEPENDENTS. While contract feeders may be outpacing independent operators, schools that are self-operating claim they have greater control and flexibility. Most self-operating schools are educating students about their pro-

ORD STREET
PICCADILLY CIRCUS
ENGLAND

This foodservice unit in a secondary school features many of Canteen's upgraded merchandising and presentation programs.

grams, and students are becoming more involved in menu planning.

Ron Inlow, foodservice director at the University of Richmond, Richmond, VA, incorporates educational material and lessons in his foodservice program. Managers give tours of the kitchen and share meal planning with students. "We want to show students that we care and that things are not done haphazardly," says Inlow. Once a month, students attend food fairs to test market new entrees and food products. Inlow has found that students most like high-quality, grab-and-go meals. On special occasions, the dining service offers students prepackaged meals to take out.

Margaret Lacey, foodservice director of Cornell University in Ithaca, NY, concentrates on delivery services. A "dial a lunch" service, implemented last year, delivers meals to staff or faculty members' offices, as well as to student dorms and off-campus apartments. This year, the school is creating a late-night service offering pizza and chicken wings and has been renovating dining rooms to look more like restaurants. "These students want the same treatment they'd get if they were eating out," Lacey says.

"Our efforts in the last few years have been towards upgrading," says Jack Kemper, assistant director of housing in charge of dining services at the University of Colorado in Denver. The foodservice operation, which serves about 15,000 meals a day, allows students to use the dining hall at any time, rather than prescribing set meal times. Students can enter the dining hall as many times as they want to in a single day. Because of this, says Kemper, meal-plan participation has increased.

1986: $9,070,000,000
+ 5.4% Sales Growth
1987: $9,571,000,000
+ 5.5% Sales Growth
1992: $12,585,000,000
+ 5.6% Compound Annual Sales Growth

Many University of Colorado students come from affluent families who are used to fine dining, Kemper says, so the university serves restaurant-like entrees. Eggs Benedict, veal Oscar, and calamari steak are regular offerings. At 37%, food costs are higher than at most other schools, says Kemper, "but the students are willing to pay for it."

GRADE SCHOOLS. In secondary and primary schools, foodservice directors are increasing profits through extracurricular catering functions, such as teachers' luncheons and award dinners. In addition, many directors are increasing sales through marketing, offering more variety, and teaching students good nutrition.

"School foodservice, especially self-operating, has had the reputation of serving food that is salty and greasy," says Robert Honson, director of nutrition services, Portland, OR, school district. "That's an image we gave ourselves, because we tried to meet the demands of our customers—that's what they wanted." Today, says Honson, "we are trying to change our customers' tastes. We're teaching them about food that not only tastes good but is good for you. They're responding positively."

Honson's school district has eight staff dietitians who set up educational programs as well as create special sections in the cafeteria. One example is the "Training Table" for athletes. The menu includes complex carbohydrates such as breads, pasta, and vegetables, and offers large portions. "Anyone can select it," says Honson, "but since athletes are usually the trendsetters, we marketed it specifically to them. Eating in the cafeteria used to be unpopular; it isn't anymore."

Sheldon Silver of Canteen says that the trends found in secondary schools are also driving foodservice in elementary schools. Children are more sophisticated at an earlier age, perhaps because they are used to dining out with their parents.

With an increase in the number of younger students and the projected decline in high-school population, most operators need to concentrate on the primary sector, says Honson of Portland School District.

"We're shifting our operations by becoming more efficient in the younger grades. What has become popular in the secondary schools we're offering to the younger kids as well." This includes salad bars, and greater variety in food, in addition to a strong nutrition education program.

–Elizabeth D'Ambrosio

	1986 Units	1986 Sales ($000,000)	1986[3] Purchases ($000,000)	1986 vs. 1985 % Sales Growth	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth	1992 Sales ($000,000)	1987 - 1992 % Compound Annual Sales Growth: Nominal	Real
School—Internal *(public, parochial, elementary & secondary)*[1]	91,776	3,060	3,040	4.8	3,210	3,134	4.9	4,151	5.3	1.0
School—Contract	(2)	935	335	5.5	988	354	5.7	1,349	6.4	2.1
Colleges, Universities—Internal	2,708	3,193	1,302	4.4	3,324	1,355	4.1	4,038	4.0	-0.6
Colleges, Universities—Contract	(2)	1,882	584	8.3	2,049	636	8.9	3,047	8.2	3.4
Total	94,484	9,070	5,261	5.4	9,571	5,479	5.5	12,585	5.6	1.1

1. Actual cash receipts from children.
2. Total unit count is given in the Internal total.
3. Not including $867,912,173 worth of commodities and milk, a 3.9% increase from 1985.

21ST ANNUAL RGI

THE HEALTH CARE MARKET

THOUGH SALES REMAIN SLUGGISH, COST-CUTTING MEASURES MEAN RENEWED OPPORTUNITIES FOR SOME.

The search for new sources of revenue and the increasing competition between independents and contract feeders continue to dominate the health care sector—even while foodservice sales in the sector remain sluggish.

The U.S. health care market, which encompasses hospitals, nursing homes, and specialized care facilities, exhibited negligible sales growth in 1987, according to RGI figures. Total foodservice sales for the year rose by only 3.1% to about $11.9 billion—the lowest rate of increase among all segments of the industry.

This lackluster performance is largely the result of the government's reduction in funding within the hospital-internal subsegment. Government caps on Medicare payments—a system known as Diagnostically Related Groups (DRGs)—have forced hospitals to cut their budgets and operate more efficiently. As a result, patients, now fewer in number, are spending less time in hospitals and more time in out-patient treatment.

"Suddenly, hospitals had to face up to reality," says William Edmundson, president of ARA Service's Healthcare and Nutrition Services division in Chicago. "They found they had to live in a profit-and-loss environment."

While independent foodservice managers struggled to adapt to the new economic parameters, contract feeders—already experienced in bottom-line management policies—moved in, taking over nearly one quarter of the foodservice departments within a few years.

And despite the marginal growth in foodservice sales, many contract feeders tend to view the health care sector as one filled with opportunities—particularly with regard to the larger, high-volume hospitals, says Ralph Rush, a consultant with Technomic Inc. in Chicago. "There is already a high penetration of contract feeders in the segment," he observes, "and they're continuing to target new accounts pretty aggressively."

LOOKING AT SERVICES. Sheldon Silver, director of marketing for Chicago-based Canteen Corp., agrees, saying, "During the last couple of years, DRGs have forced hospitals to look at all services in terms of fiscal responsibility. What many are finding is that private companies can do a better job."

Executives of the contract feeding arm of the giant Washington, DC-based Marriott Corp. see health care as a major growth area for the company. In fact, the company's Food Services and Management (FSM) unit anticipates that its health care business will grow at an annual rate of 15%. The remaining two FSM divisions—B&I and education—are expected to expand at 10%.

Currently, Marriott operates 350 acute-care facilities in the U.S., in addition to 70 retirement and nursing homes. The company plans to expand its health care business into Canada, as well as the Far East and Europe.

One of Marriott's strategies for future growth, however, includes Quornden, a small facilities management firm the company purchased recently. [illegible]ding to Marriott spokesperson [illegible] Boyle, the company intends [illegible]ckage foodservice together with Quornden's sanitation expertise. "As facilities management gets bigger," explains Charles D. O'Dell, a senior vice president, "we will spin it off as a separate entity."

Chicago-based ARA Services is also a major player in the health care market. With 343 health care accounts nationwide—250 of which are acute-care facilities or hospitals—ARA is targeting hospital groups of

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Canteen is entering the life care market with such facilities as the retirement and living center pictured above.

four or more for future growth. According to ARA's Edmundson, his division recently acquired the Paley hospital in Philadelphia. Paley is the third facility of the four-hospital Main Line Health Group ARA has contracted with. "We should hopefully get the fourth one soon," Edmundson says.

At the same time, ARA is marketing a nutritious frozen-food program called "Light and Right" in about 66 hospitals. Developed in conjunction with Baxter Hospital Supply Co., Light and Right offers 15 frozen entrees that are low in sodium, cholesterol, and calories. The entrees are aimed at not only outpatients on restricted diets but employees looking for convenient, nutritious meals. ARA expects to have Light and Right meals in 100 accounts by the end of the year.

LUCRATIVE OPPORTUNITIES. Contract feeders such as Marriott, Canteen, and ARA also view the senior-citizens market in general and life care facilities in particular as lucrative new opportunities for growth. While Edmundson points out that many seniors are "retiring right where they lived," the areas that hold the largest concentration of nursing homes and life care facilities are in the Northeast, Florida, Texas, and California. "The senior market is probably the largest growth area right now," says Edmundson. Substance-abuse centers—which treat drug dependency and alcoholism—form another smaller, albeit growing, area within the health care sector. Leo Skellchock, vice president and co-owner of daka Inc. in Wakefield, MA, notes that "more and more of these centers are coming into existence, and they all require sophisticated foodservice expertise."

1986: $11,530,000,000
+2.1% Sales Growth
1987: $11,893,000,000
+3.1% Sales Growth
1992: $15,211,000,000
+5.0% Compound Annual Sales Growth

According to Skellchock, the centers that daka works with operate programs that run from seven to 28 days. In addition to providing three meals a day, contract feeders may also be required to provide dietary supplements as well as dietitians to counsel patients on what they can and cannot eat.

But experience notwithstanding, contract feeders are also being forced to investigate new sources of revenue. For example, at St. Barnabas Medical Center in Livingston, NJ, the Seiler Corp., based in Waltham, MA, recently leased out space in the hospital to McDonald's. The fast feeder will pay an annual rent of $40,000 and a percentage of profits if sales exceed $1 million. This is the seventh such hospital-based operation for the Oak Brook, IL-based hamburger chain.

Meanwhile, internal operators are rapidly learning how to function efficiently in their new, more demanding economic environment. Angelo Gagliano, director of food and nutrition at the New York Medical Center, a 1,150-bed hospital in Manhattan, says the cook/chill food preparation system allows his department to prepare dishes to inventory. "Among other things, it lets us reduce the number of people we have to put on the tray line," he explains.

Offering upscale meals has also helped boost revenues. New York Medical Center features a special gourmet menu with wine service for a charge of $12 per person. And, says Gagliano, these special meals account for 5% to 7% of all meals.

At the Beth Israel Medical Center in New York City, director of foodservice Carol Sherman is also attempting to develop new sources of revenue. For example, Sherman hired a pastry chef last year and opened a bakeshop in the hospital. In addition to achieving a savings of 30% in ingredient and labor costs for baked goods, the bakeshop provides desserts for all catering jobs—as many as 50 each day.

In addition to preparing patient meals, Beth Israel's foodservice department operates a cafeteria—which includes sandwich and salad bars—as well as coffee and lunch carts. In 1987, the medical center's foodservice department generated sales of about $1.5 million.

Nonetheless, Sherman says that she always has to keep her main goal uppermost in her mind. "Our primary goal is to please the patient," she says. "It's a market where you can't afford to fail."—**Paul Frumkin**

Health Care Market: Foodservice Sales	1986 Units	1986 Sales ($000,000)	1986 Purchases ($000,000)	1986 vs. 1985 % Sales Growth	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth	1992 Sales ($000,000)	1987 - 1992 % Compound Annual Sales Growth	
									Nominal	Real
Hospital–Internal	6,791	7,170	3,208	0.9	7,321	3,275	2.1	8,989	4.2	0.5
Hospital–Nursing Home–Contract	*(1)	1,262	466	6.6	1,347	497	6.7	1,916	7.3	3.5
Other Institutions–Internal *(for specialized care, including nursing and old age homes, orphanages, etc.)*	29,169	3,098	1,903	3.2	3,225	1,981	4.1	4,306	6.0	2.2
Total	35,960	11,530	5,577	2.1	11,893	5,753	3.1	15,211	5.0	1.3

1. Contract units are included in the totals for Hospital–Internal and Other Institutions.

21ST ANNUAL RGI

RGI DEFINITIONS AND STATISTICAL DIRECTORY

RGI DATA SERVES AS AN EXTREMELY VALUABLE TOOL FOR MAKING BUSINESS DECISIONS.

The great value of RGI has two main components. One is the essential absolute data on a metro area, ADI, state, region, and U.S. base. The other component is the way the data can be used to compare geographical entities.

COMPARISON. To illustrate the evaluation process, two metro markets—Phoenix and Oklahoma City—have been selected for comparison purposes and, in the process, to show how to read and what to look for in the data. Both are state capitals, the dominant cities in their states. Both are "magnet" cities that draw customers from beyond the metro boundaries. Phoenix is a major resort center as well as a growing business center. Oklahoma City has the state fair grounds, is centrally located in the state, and is a major job market. Phoenix is more dominant in its state, with 57.7% of the population, while Oklahoma City is home to 29.6% of the state population.

In terms of population, Phoenix, at 0.8% of the U.S. total, is about twice the size of Oklahoma City, at a 0.4% share.

In order to understand Phoenix and Oklahoma City, it is useful to look at the statistics for each metro area: sales; population; Effective Buying Income (EBI) per capita; fast food market share; restaurant market share; and RAI and RGI ratios, which indicate, respectively, the propensity in a given market to dine out, and the fundamental demand for eating out or for takeout.

RAI AND RGI. The starting point for analysis is a comparison of the RAI and the RGI indices of the respective markets. Phoenix's RGI, at 116, indicates that fundamental demand in the Phoenix market could support 16% growth above current levels. However, its RAI of 95 is five points below the national average. In terms of RGI index, Phoenix ranks 26th, or in the top 10% of all metro areas; in contrast, in terms of RAI it is ranked 183, or just above the bottom 40%.

The numbers for Oklahoma City show a reverse pattern. Its RGI is 73, 27% below the point where supply equals demand, indicating a market that is saturated. In contrast, the RAI, at 121, indicates a high propensity to eat out. The RAI rank for Oklahoma City is 42, placing it in the top 15%. The RGI rank is 293—the bottom 10%.

The next set of measures is the share of sales of eating places in the market, broken out by fast food unit sales and by restaurant unit sales. Fast food sales in the Phoenix market constitute 35% of total eating place sales, which is 7.9% below the national average of 38%. In contrast, Oklahoma City has a fast food market share of 46%, 21% above the national average. The situation reverses dramatically when considering restaurant market share. Phoenix's restaurants generated 53% of total eating place sales, 8% above the national average of 49%. Oklahoma City's restaurant market share is only 39%, which is 20% below the national average.

Following the share comparisons, the next step is to examine per capita sales figures. In order to calculate the degree of variation from national averages, the following national averages should be used as a base: U.S. per capita eating place sales are $571; fast food sales are $217; and U.S. per capita restaurant sales are $281. Phoenix is 8% above the national average for per capita eating places, 1% below the national average for fast food, and 16% above the national average in restaurant sales. Phoenix is a solid but not spectacular performer in terms of eating per capita, in the bottom 40% in fast food sales per capita, and the top 25% in restaurant sales per capita.

By comparison, Oklahoma City is a very strong 33% above the national average in per capita eating place sales and 62% above the national average for per capita fast food sales, but only 5% above the national average for restaurants. Oklahoma City is a strong performing market that benefits heavily from being a "magnet" area. Nationwide, the market ranks in the top 10% in eating place sales per capita, in the top 5% in fast food sales per capita, and in the top third in restaurant sales per capita.

And in Effective Buying Power per capita, Phoenix ranks in the top 30%; Oklahoma City ranks in the bottom 45%.

As to population per eating place unit, the U.S. average is 873 individuals per unit. Phoenix is 2.5% above the national average, with 895 individuals per unit, and is ranked in the top 45%. Oklahoma City is 25.4% below average with 651 individuals per eating place unit, placing it in the bottom 5% of all metro areas.

Sales per eating place outlet are $554,419 in Phoenix, 11.2% above the national average. Oklahoma City, at $496,465, is 0.4% below the average.

DEFINITIONS

POPULATION. Updated from the 1980 U.S. Census of population and housing, it is an estimate of the number of people living in an area at the end of the year. It includes people living in colleges and hospitals, and armed forces permanently assigned to the area, but excludes tourists and transients. Large changes in group-quarters populations are not projected in these forecasts.

Demographic statistics have been estimated via a population component procedure—independent county estimates of births, mortality, and migration. These population components are aggregated and either added to or subtracted from the appropriate benchmark.

Fertility rates, for example, have been projected at their current rate of change. We assume that the pattern of births will continue at its slow but steady rate. Similarly, we have assumed that no major medical advancement will be made over the next few years and that the mortality

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Information concerning the population, average household size, sales, number of units, and market share is contained in Metro and ADI Reports.

rates that are in effect today will continue unmodified.

PERCENT OF U.S. POP. A market's share of the total U.S. population.

HOUSEHOLD. A household consists of all the people occupying a single housing unit under 1980 Census rules, such as a house, an apartment, a group of rooms, or a single room. The members of a household need not be related, and a single person living alone in a housing unit is also counted as a household.

All persons who are not members of households are regarded as living in group quarters, which include institutions, college dormitories, and military barracks. Caution: Although a county's population total will include all the people in the area, the household total will not do so because it excludes those living in group quarters.

AVERAGE HOUSEHOLD SIZE. Total population divided by the number of households. Depending upon whether it is above or below the U.S. average, it is used as a rough indicator of the relative importance of family-type units or single-person units in a local area.

However, the figure can be artificially high in those relatively few counties where there is a disproportionate share of college, military, or other types of institutional population. The people living in such groups are part of the population total, but their dwellings are not part of the household total. Thus the disparity in these figures.

EFFECTIVE BUYING INCOME (EBI). Personal income less personal tax and nontax payments, also known as Disposable Personal Income.

EATING AND DRINKING PLACES. Includes establishments selling prepared foods and drinks for consumption on or near the premises or for takeout; lunch counters and refreshment stands selling prepared foods and drinks for immediate food contractors; and leased eating and/or drinking concessions in theaters, hotels, amusement parks, etc. Restaurants and lunch counters operated by department stores are classified in the General Merchandise Group; those operated by hotels are classified in the Hotels Group.

EATING PLACES. Includes retail sales and units of restaurants and lunch rooms, social cafeterias, fast food sales, contract feeding, and ice cream and frozen custard stands. Excludes drinking place sales and units.

RESTAURANTS. Establishments engaged in serving prepared food and beverages selected by the patron from a full menu. Waiter or waitress service is provided and the establishment has seating for at least 15 patrons. These establishments often serve alcoholic beverages.

Establishments in which sales of alcoholic beverages for consumption on the premises exceed receipts from sales of prepared foods and nonalcoholic beverages are classified as "drinking places."

FAST FOOD. Establishments primarily selling limited lines of refreshments and prepared food items. Included in this group are establishments that prepare refreshment items such as pizza, barbecued chicken, and hamburgers for consumption either on or near the premises or for carry-out consumption.

MARKET SHARE. Represents the percent of eating places from fast food units or from restaurants. It is indicative of customer preference of these types of establishments in that area.

RESTAURANT ACTIVITY INDEX (RAI). The percent of U.S. eating place sales divided by the percent of U.S. food store sales, expressed as an index. An index greater than 100 indicates a greater than average propensity to eat out rather than at home.

RESTAURANT GROWTH INDEX (RGI). The RGI is designed to show the relationship between restaurant supply and demand in each market as an index. When supply equals demand, the index is 100. The amount by which the RGI exceeds 100 represents the proportion of growth potential present; for example, an index of 120 means that the market's demand could support 20% growth. When the market is saturated, and supply exceeds demand, the index will drop below 100.

Demand is measured by six factors:

- Market's share of U.S. employed persons.
- Market's share of U.S. working women.
- Market's share of U.S. households with effective buying income of $25,000 or more.

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21ST ANNUAL RGI: DEFINITIONS AND DIRECTORY

- Market's share of U.S. eating place sales.
- Market's share of U.S. hotel and motel receipts.
- Market's share of U.S. population age 14 and under, and 25 to 44.

These factors are given equal weight and added together to create the demand portion of the equation (i.e., A+B+C +D+E+F divided by 6).

Supply is measured by the percentage of U.S. total eating places located in the market.

The RGI is created by dividing demand by supply, and multiplying the result by 100, so that the final figure will be in index form.

TELEVISION MARKETS. The TV markets are the American Research Bureau's Areas of Dominant Influence (ADIs). ARBITRON studies each county for its measurable viewing patterns. The hours of viewing attributed to each TV station whose signal reached the county are totaled; then each station's percentage share of total viewing hours is calculated. The market of origin of the TV stations with the largest share of viewing hours becomes the ADI name for that market, and all counties whose largest viewing share is given to stations of that same market of origin are grouped within the ADI. (For its purposes, ARBITRON splits certain counties, treating each portion as if it were a separate county.) Each county (or portion) is allocated to a single ADI; thus overlap is eliminated. All of the United States is covered except for Hawaii and Alaska.

METROPOLITAN STATISTICAL AREAS (MSAs). In the Restaurant Growth Index, metropolitan markets are identical to the Federal government's definition of MSAs or PMSAs (Primary Metropolitan Statistical Areas), except in New England, where NECMAs (New England County Metropolitan Areas) are used. These metropolitan markets are counties or groups of counties that meet certain criteria of metropolitan character.

The basic criteria for metropolitan areas are:

1) Each metropolitan statistical area must include a city that, with contiguous and densely settled territory, constitutes a Census Bureau-defined urbanized area with at least 50,000 population.

2) If a metropolitan statistical area's largest city has less than a 50,000 population, the area must have a total population of at least 100,000.

Thus, a city of 50,000 or an urbanized area surrounding a city with 50,000 and a population density of 1,000 per square mile becomes a test of the metropolitan character of an area. The county or counties in which the city or urbanized area is located, plus surrounding counties with heavy commuting between themselves and the core counties and population density sufficient to establish them as metropolitan, are designated as the metropolitan area.

Certain areas meet many tests of metropolitan character, but are located within larger, dominating metropolitan statistical areas of one million or more population. To preserve the identity of these areas within the large, "mega-metropolitan area," the government devised a second level of metropolitan criteria. These criteria identify, within metropolitan areas of at least one million population, subareas that are called Primary Metropolitan Statistical Areas (PMSAs). A county or counties that express strong local opinion to be identified as a PMSA must have:

1) At least a 100,000 population.
2) At least 60% of its population urban.
3) Less than 50% of resident workers commuting to jobs outside the county.

The Restaurant Growth Index treats MSAs and PMSAs as equivalent areas, so that the most locally identifiable area that qualifies as metropolitan will be the one appearing in the statistical tables.

In New England, the official MSA definitions are based on cities and towns rather than counties. Because the Restaurant Growth Index is developed from a county-level data base, we use New England County Metropolitan Areas (NECMAs) in the six New England states. NECMAs are determined by using the MSA standards as described above.

This information was provided by Market Statistics, a division of Bill Communications. All data are copyrighted by Restaurant Business *and* Sales & Marketing Management *magazines. Complete reprints of the RGI section are available at a cost of $5 per copy from: Editor, Restaurant Business, 633 Third Ave., New York, NY 10017.*

FOOTNOTE TO SALES FIGURES

Adjustment of Eating Place sales figures to be comparable to the approach of Current Retail Trade Reports.

After adjustments for differences in what Current Retail Trade Reports includes in Eating Place sales, both in what is included in reported sales by segment and the segments themselves, the Eating Place sales figure in Knapp's forecast and analysis section rises from $128,531,000,000 to $143,825,000,000, an increase of $15,294,000,000 or 11.9%.

Components of adjustment are:

1. Nonpayroll establishments—Knapp, following the merchandise line convention, includes only establishments with payrolls. Adjusting for nonpayroll establishments adds $2,717,000,000.
2. Merchandise lines—Knapp includes only sales of food (meals, snacks, and nonalcoholic beverages) and alcoholic beverages. Adjusting for total sales adds $1,701,000,000.
3. Contract feeders—Knapp does not include contract feeders in Eating Places as current Retail Trade Reports does, but rather, shows sales in the segments they serve. Adjusting for the inclusion of contract feeders adds $10,876,000,000, a figure higher than the Census of Retail Trade.

Adjustments of Drinking Place sales figures to be comparable to Current Retail Trade Reports.

Components of adjustment are:

1. Nonpayroll establishments—Knapp includes only establishments with payrolls, following the merchandise line convention. Adjusting for nonpayroll establishments adds $1,085,000,000.
2. Merchandise lines—Knapp includes only sales of food (meals, snacks, and nonalcoholic beverages) and alcoholic beverages. Adjusting for total sales adds $868,000,000.

The adjusted Drinking Place sales figure changes from $9,434,000,000 to $11,387,000,000, an increase of $1,953,000,000 or 20.7%.

The adjusted Eating & Drinking Place sales figure goes from $137,965,000,000 to $155,212,000,000, an increase of $17,247,000,000 or 12.5%.

SOURCE: MALCOLM M. KNAPP INC.

METROPOLITAN STATISTICAL AREAS

The definitions of each Metropolitan Statistical Area (MSA) as covered in the Restaurant Growth Index and defined by the Federal Government.

A

- **Abilene, TX**—Taylor
- **Akron, OH**—Portage, Summit
- **Albany, GA**—Dougherty, Lee
- **Albany-Schenectady-Troy, NY**—Albany, Greene, Montgomery, Rensselaer,Saratoga, Schenectady
- **Albuquerque, NM**—Bernalillo
- **Alexandria, LA**—Rapides
- **Allentown-Bethlehem, PA**—
  - **New Jersey Portion**—Warren
  - **Pennsylvania Portion**—Carbon, Lehigh, Northampton
- **Altoona, PA**—Blair
- **Amarillo, TX**—Potter, Randall
- **Anaheim-Santa Ana, CA**—Orange
- **Anchorage, AK**—Anchorage
- **Anderson, IN**—Madison
- **Anderson, SC**—Anderson
- **Ann Arbor, MI**—Washtenaw
- **Anniston, AL**—Calhoun
- **Appleton-Oshkosh-Neenah, WI**—Calumet, Outagamie, Winnebago
- **Asheville, NC**—Buncombe
- **Ashland, KY** (See Huntington-Ashland)
- **Athens, GA**—Clarke, Jackson, Madison, Oconee
- **Atlanta, GA**—Barrow, Butts, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinett, Henry, Newton, Paulding, Rockdale, Spalding, Walton
- **Atlantic City, NJ**—Atlantic, Cape May
- **Attleboro, MA** (See New Bedford-Fall River-Attleboro)
- **Auburn, ME** (See Lewiston-Auburn)
- **Augusta, GA**—
  - **Georgia Portion**—Columbia, McDuffie, Richmond
  - **South Carolina Portion**—Aiken
- **Aurora-Elgin, IL**—Kane, Kendall
- **Austin, TX**—Hays, Travis, Williamson

B

- **Bakersfield, CA**—Kern
- **Baltimore, MD**—Anne Arundel, Baltimore, Baltimore City, Carroll, Hartford, Howard, Queen Anne's
- **Bangor, ME**—Penobscot
- **Baton Rouge, LA**—Ascension, East Baton Rouge, Livingston, West Baton Rouge
- **Battle Creek, MI**—Calhoun
- **Bay City, MI** (See Saginaw-Bay City-Midland)
- **Beaumont-Port Arthur, TX**—Hardin, Jefferson, Orange
- **Beaver County, PA**—Beaver
- **Bellingham, WA**—Whatcom
- **Beloit, WI** (See Janesville-Beloit)
- **Benton Harbor, MI**—Berrien
- **Bergen-Passaic, NJ**—Bergen, Passaic
- **Bethlehem, PA** (See Allentown-Bethlehem)
- **Billings, MT**—Yellowstone
- **Biloxi-Gulfport, MS**—Hancock, Harrison
- **Binghamton, NY**—Broome, Tioga
- **Birmingham, AL**—Blount, Jefferson, St. Clair, Shelby, Walker
- **Bismarck, ND**—Burleigh, Morton
- **Bloomington, IN**—Monroe
- **Bloomington-Normal, IL**—McLean
- **Boca Raton, FL** (See West Palm Beach-Boca Raton-Delray Beach)
- **Boise, ID**—Ada
- **Boston-Lawrence-Salem-Lowell-Brockton, MA**—Essex, Middlesex, Norfolk, Plymouth, Suffolk
- **Boulder-Longmont, CO**—Boulder
- **Bradenton, FL**—Manatee
- **Brazoria, TX**—Brazoria
- **Bremerton, WA**—Kitsap
- **Bridgeport-Stamford-Norwalk-Danbury, CT**—Fairfield
- **Bridgeton, NJ** (See Vineland-Milville-Bridgeton)
- **Bristol, CT** (See Hartford-New Britain-Middletown-Bristol)
- **Bristol, TN** (See Johnson City-Kingsport-Bristol)
- **Brockton, MA** (See Boston-Lawrence-Salem-Lowell-Brockton)
- **Brownsville-Harlingen, TX**—Cameron
- **Bryan-College Station, TX**—Brazos
- **Buffalo, NY**—Erie
- **BUFFALO-NIAGARA FALLS CONSOLIDATED AREA**—Metro Areas: Buffalo, Niagara Falls
- **Burlington, NC**—Alamance
- **Burlington, VT**—Chittenden, Grande Isle

C

- **Canton, OH**—Carroll, Stark
- **Casper, WY**—Natrona
- **Cedar Falls, IA** (See Waterloo-Cedar Falls)
- **Cedar Rapids, IA**—Linn
- **Champaign-Urbana-Rantoul, IL**—Champaign
- **Charleston, SC**—Berkeley, Charleston, Dorchester
- **Charleston, WV**—Kanawha, Putnam
- **Charlotte-Gastonia-Rock Hill, NC-SC**—
  - **North Carolina Portion**—Cabarrus, Gaston, Lincoln, Mecklenburg, Rowan, Union
  - **South Carolina Portion**—York
- **Charlottesville, VA**—Albemarle, Charlottesville, Fluvanna, Greene
- **Chattanooga, TN**—
  - **Georgia Portion**—Catoosa, Dade, Walker
  - **Tennessee Portion**—Hamilton, Marion, Sequatchie
- **Cheyenne, WY**—Laramie
- **Chicago, IL**—Cook, DuPage, McHenry
- **CHICAGO-GARY-LAKE COUNTY CONSOLIDATED AREA**—Metro Areas: Aurora-Elgin, Chicago, IL; Gary-Hammond, IN; Joliet, IL; Kenosha, WI; Lake County, IL
- **Chico, CA**—Butte
- **Cincinnati, OH**—
  - **Indiana Portion**—Dearborn
  - **Kentucky Portion**—Boone, Campbell, Kenton
  - **Ohio Portion**—Clermont, Hamilton, Warren
- **CINCINNATI-HAMILTON CONSOLIDATED AREA**—Metro Areas: Cincinnati, Hamilton-Middletown, OH
- **Clarksville-Hopkinsville, TN-KY**—
  - **Kentucky Portion**—Christian
  - **Tennessee Portion**—Montgomery
- **Clearwater, FL** (See Tampa-St. Petersburg-Clearwater)
- **Cleveland, OH**—Cuyahoga, Geauga Lake, Medina
- **CLEVELAND-AKRON-LORAIN CONSOLIDATED AREA**—Metro Areas: Akron, Cleveland, Lorain-Elyria, OH
- **College Station, TX** (See Bryan-College Station)
- **Colorado Springs, CO**—El Paso
- **Columbia, MO**—Boone
- **Columbia, SC**—Lexington, Richland
- **Columbus, GA**—
  - **Alabama Portion**—Russell
  - **Georgia Portion**—Chattahoochee, Muscogee
- **Columbus, OH**—Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, Union
- **Corpus Christi, TX**—Nueces, San Patricio
- **Cumberland, MD**—
  - **Maryland Portion**—Allegany
  - **West Virginia Portion**—Mineral

D

- **Dallas, TX**—Collin, Dallas, Denton, Ellis, Kaufman, Rockwall
- **DALLAS-FORT WORTH CONSOLIDATED AREA**—Metro Areas: Dallas, Fort Worth-Arlington, TX
- **Danbury, CT** (See Bridgeport-Stamford-Norwalk-Danbury)
- **Danville, VA**—Danville, Pittsylvania
- **Davenport-Rock Island-Moline, IL-IA**—
  - **Illinois Portion**—Henry, Rock Island
  - **Iowa Portion**—Scott
- **Dayton-Springfield, OH**—Clarke, Greene, Miami, Montgomery
- **Daytona Beach, FL**—Volusia
- **Decatur, AL**—Morgan
- **Decatur, IL**—Macon
- **Delray Beach, FL** (See West Palm Beach-Boca Raton-Delray Beach)
- **Denison, TX** (See Sherman-Denison)
- **Denver, CO**—Adams,

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METROPOLITAN STATISTICAL AREAS

Arapahoe, Denver, Douglas, Jefferson
DENVER-BOULDER CONSOLIDATED AREA—Metro Areas: Boulder-Longmont, Denver, CO
Des Moines, IA—Dallas, Polk, Warren
Detroit, MI—Lapeer, Livingston, Macomb, Monroe, Oakland, St.Clair, Wayne
DETROIT-ANN ARBOR CONSOLIDATED AREA—Metro Area: Ann Arbor, Detroit, MI
Dothan, AL—Dale, Houston
Dubuque, IA—Dubuque
Duluth, MN—
  Minnesota Portion—St. Louis
  Wisconsin Portion—Douglas
Durham, NC (See Raleigh-Durham)

E

East Lansing, MI (See Lansing-East Lansing)
Eau Claire, WI—Chippewa, Eau Claire
Edinburg, TX (See McAllen-Edinburg-Mission)
El Paso, TX—El Paso
Elgin, IL (See Aurora-Elgin)
Elkhart-Goshen, IN—Elkhart
Elmira, NY—Chemung
Elyria, OH (See Lorain-Elyria)
Enid, OK—Garfield
Erie, PA—Erie
Eugene-Springfield, OR—Lane
Evansville, IN—
  Indiana Portion—Posey, Vanderburgh, Warrick
  Kentucky Portion—Henderson

F

Fairfield, CA (See Vallejo-Fairfield-Napa)
Fall River, MA (See New Bedford-Fall River-Attleboro)
Fargo-Moorhead, ND-MN—
  Minnesota Portion—Clay
  North Dakota Portion—Cass
Fayetteville, NC—Cumberland
Fayetteville-Springdale, AR—Washington
Fitchburg, MA (See Worcester-Fitchburg-Leominster)
Flint, MI—Genesee
Florence, AL—Colbert, Lauderdale
Florence, SC—Florence
Fort Collins-Loveland, CO—Larimer
Fort Lauderdale-Hollywood-Pompano Beach, FL—Broward
Fort Myers-Cape Coral, FL—Lee
Fort Pierce, FL—Martin, St. Lucie
Fort Smith, AR—
  Arkansas Portion—Crawford, Sebastian
  Oklahoma Portion—Sequoyah
Fort Walton Beach, FL—Okaloosa
Fort Wayne, IN—Allen, DeKalb, Whitley
Fort Worth-Arlington, TX—Johnson, Parker, Tarrant
Fresno, CA—Fresno

G

Gadsden, AL—Etowah
Gainesville, FL—Alachua, Bradford
Galveston-Texas City, TX—Galveston
Gary-Hammond, IN—Lake, Porter
Gastonia, NC (See Charlotte-Gastonia-Rock Hill)
Glens Falls, NY—Warren, Washington
Goshen, IN (See Elkhart-Goshen)
Grand Forks, ND—Grand Forks
Grand Rapids, MI—Kent, Ottawa
Great Falls, MT—Cascade
Greeley, CO—Weld
Green Bay, WI—Brown
Greensboro-Winston-Salem-High Point, NC—Davidson, Davie, Forsyth, Guilford, Randolph, Stokes, Yadkin

H

Greenville-Spartanburg, SC—Greenville, Pickens, Spartanburg
Gulfport, MS (See Biloxi-Gulfport)
Hagerstown, MD—Washington
Hamilton-Middletown, OH—Butler
Hammond, IN (See Gary-Hammond)
Harlingen, TX (See Brownsville-Harlingen)
Harrisburg-Lebanon-Carlisle, PA—Cumberland, Dauphin, Lebanon, Perry
Hartford-New Britain-Middletown-Bristol, CT—Hartford, Middlesex, Tolland
Hickory, NC—Alexander, Burke, Catawba
High Point, NC (See Greensboro-Winston-Salem-High Point)
Hollywood, FL (See Fort Lauderdale-Hollywood-Pompano Beach)
Honolulu, HI—Honolulu
Hopkinsville, TN (See Clarksville-Hopkinsville)
Houma-Thibodaux, LA—Lafourche, Terrelbonne
Houston, TX—Fort Bend, Harris, Liberty, Montgomery, Waller
HOUSTON-GALVESTON-BRAZORIA CONSOLIDATED AREA—Metro Areas: Brazoria, Galveston-Texas City, Houston, TX
Huntington-Ashland, WV-KY—
  Kentucky Portion—Boyd, Carter, Greenup
  Ohio Portion—Lawrence
  West Virginia Portion—Cabell, Wayne
Huntsville, AL—Madison

I&J

Indianapolis, IN—Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Shelby
Iowa City, IA—Johnson
Jackson, MI—Jackson
Jackson, MS—Hinds, Madison, Rankin
Jackson, TN—Madison
Jacksonville, FL—Clay, Duval, Nassau, St. Johns
Jacksonville, NC—Onslow
Janesville-Beloit, WI—Rock
Jersey City, NJ—Hudson
Johnson City-Kingsport-Bristol, TN-VA—
  Tennessee Portion—Carter, Hawkins, Sullivan, Unicol, Washington
  Virginia Portion—Bristol, Scott, Washington
Johnstown, PA—Cambria, Somerset
Joliet, IL—Grundy, Will
Joplin, MO—Jasper, Newton

K

Kalamazoo, MI—Kalamazoo
Kankakee, IL—Kankakee
Kansas City, MO-KS—
  Kansas Portion—Johnson, Leavenworth, Miami, Wyandotte
  Missouri Portion—Cass, Clay, Jackson, Lafayette, Platte, Ray
Kennewick, WA (See Richland-Kennewick-Pasco)
Kenosha, WI—Kenosha
Killeen-Temple, TX—Bell, Coryell
Kingsport, TN (See Johnson City-Kingsport-Bristol)
Knoxville, TN—Anderson, Blount, Grainger, Jefferson, Knox, Sevier, Union
Kokomo, IN—Howard, Tipton

L

La Crosse, WI—La Crosse
Lafayette-West Lafayette, IN—Tippecanoe
Lafayette, LA—Lafayette, St. Martin
Lake Charles, LA—Calcasieu
Lake County, IL—Lake
Lakeland-Winter Haven, FL—Polk
Lancaster, PA—Lancaster
Lansing-East Lansing, MI—Clinton, Eaton, Ingham
Laredo, TX—Webb
Las Cruces, NM—Dona Ana
Las Vegas, NV—Clark
Lawrence, KS—Douglas
Lawrence, MA (See Boston-Lawrence-Salem-Lowell-Brockton)
Lawton, OK—Comanche
Leominster, MA (See Worcester-Fitchburg-Leominster)
Lewiston-Auburn, ME—Androscoggin
Lexington-Fayette, KY—Bourbon, Clark, Fayette, Jessamine, Scott, Woodford
Lima, OH—Allen, Auglaize
Lincoln, NE—Lancaster
Little Rock-North Little Rock, AR—Faulkner, Lonoke, Pulaski, Saline
Lompoc, CA (See Santa Barbara-Santa Maria-Lompoc)
Long Beach, CA (See Los Angeles-Long Beach)
Longmont, CO (See Boulder-Longmont)
Longview-Marshall, TX—Gregg, Harrison
Lorain-Elyria, OH—Lorain
Los Angeles-Long Beach, CA—Los Angeles

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METROPOLITAN STATISTICAL AREAS

LOS ANGELES-ANAHEIM-RIVERSIDE CONSOLIDATED AREA—Metro Areas: Anaheim-Santa Ana, Los Angeles-Long Beach, Oxnard-Ventura, Riverside-San Bernardino, CA
Louisville, KY—
Indiana Portion—Clark, Floyd, Harrison
Kentucky Portion—Bullitt, Jefferson, Oldham, Shelby
Loveland, CO (See Fort Collins-Loveland)
Lowell, MA (See Boston-Lawrence-Salem-Lowell-Brockton)
Lubbock, TX—Lubbock
Lynchburg, VA—Amherst, Campbell, Lynchburg

M

McAllen-Edinburg-Mission, TX—Hidalgo
Macon-Warner Robins, GA—Bibb, Houston, Jones, Peach
Madison, WI—Dane
Manchester-Nashua, NH—Hillsborough
Mansfield, OH—Richland
Marietta, OH (See Parkersburg-Marietta)
Marshall, TX (See Longview-Marshall)
Medford, OR—Jackson
Melbourne-Titusville-Palm Bay, FL—Brevard
Memphis, TN—
Arkansas Portion—Crittenden
Mississippi Portion—DeSota
Tennessee Portion—Shelby, Tipton
Merced, CA—Merced
Meriden, CT (See New Haven-Waterbury-Meriden)
Miami-Hialeah, FL—Dade
MIAMI-FORT LAUDERDALE CONSOLIDATED AREA—Metro Areas: Fort Lauderdale-Hollywood-Pompano Beach, Miami-Hialeah, FL
Middlesex-Somerset-Hunterdon, NJ—Hunterdon, Middlesex, Somerset
Middletown, CT (See Hartford-New Britain-Middletown-Bristol)
Middletown, OH (See Hamilton-Middletown)
Midland, MI (See Saginaw-Bay City-Midland)
Midland, TX—Midland
Millville, NJ (See Vineland-Millville-Bridgeton)
Milwaukee, WI—Milwaukee, Ozaukee, Washington, Waukesha
MILWAUKEE-RACINE CONSOLIDATED AREA—Metro Areas: Milwaukee, Racine, WI
Minneapolis-St. Paul, MN—
Minnesota Portion—Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, Wright
Wisconsin Portion—St. Croix
Mishawaka, IN (See South Bend-Mishawaka)
Mission, TX (See McAllen-Edinburg-Mission)
Mobile, AL—Baldwin, Mobile
Modesto, CA—Stanislaus
Moline, IL (See Davenport-Rock Island-Moline)
Monmouth-Ocean, NJ—Monmouth, Ocean
Monroe, LA—Ouachita
Monterey, CA (See Salinas-Seaside-Monterey)
Montgomery, AL—Autauga, Elmore, Montgomery
Moorehead, MN (See Fargo-Moorehead)
Muncie, IN—Delaware
Muskegon, MI—Muskegon

N

Napa, CA (See Vallejo-Fairfield-Napa)
Naples, FL—Collier
Nashua, NH (See Manchester-Nashua)
Nashville, TN—Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson, Wilson
Nassau-Suffolk, NY—Nassau, Suffolk
Neenah, WI (See Appleton-Oshkosh-Neenah)
Newark, NJ—Essex, Morris, Sussex, Union
New Bedford-Fall River-Attleboro, MA—Bristol
New Britain, CT (See Hartford-New Britain-Middletown, Bristol)
New Haven-Waterbury-Meriden, CT—New Haven
New London-Norwich, CT—New London
New Orleans, LA—Jefferson, Orleans, St. Bernard, St. Charles, St. John the Baptist, St. Tammany
Newport News, VA (See Norfolk-Virginia Beach-Newport News)
New York, NY—Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, Westchester
NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND CONSOLIDATED AREA—Metro Areas: Bergen-Passaic, NJ; Bridgeport-Stamford-Norwalk-Danbury, CT; Jersey City, Middlesex-Somerset-Hunterdon, Monmouth-Ocean, NJ; Nassau-Suffolk, New York, NY; Newark, NJ; Orange County, NY
Niagara Falls, NY—Niagara
Norfolk-Virginia Beach-Newport News, VA—Chesapeake, Gloucester, Hampton, James City, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg, York
Normal, IL (See Bloomington-Normal)
North Little Rock, AR (See Little Rock-North Little Rock)
Norwalk, CT (See Bridgeport-Stamford-Norwalk-Danbury)
Norwich, CT (See New London-Norwich)

O

Oakland, CA—Alameda, Contra Costa
Ocala, FL—Marion
Odessa, TX—Ector
Ogden, UT (See Salt Lake City-Ogden)
Oklahoma City, OK—Canadian, Cleveland, Logan, McClain, Oklahoma, Pottawatomie
Olympia, WA—Thurston
Omaha, NE—
Iowa Portion—Pottawatamie
Nebraska Portion—Douglas, Sarpy, Washington
Orange County, NY—Orange
Orem, UT (See Provo-Orem)
Orlando, FL—Orange, Osceola, Seminole
Oshkosh, WI (See Appleton-Oshkosh-Neenah)
Owensboro, KY—Daviess
Oxnard-Ventura, CA—Ventura

P

Palm Bay, FL (See Melbourne-Titusville-Palm Bay)
Panama City, FL—Bay
Parkersburg-Marietta, WV-OH—
Ohio Portion—Washington
West Virginia Portion—Wood
Pascagoula, MS—Jackson
Pasco, WA (See Richland-Kennewick-Pasco)
Passaic, NJ (See Bergen-Passaic)
Pawtucket, RI (See Providence-Pawtucket-Woonsocket)
Pensacola, FL—Escambia, Santa Rosa
Peoria, IL—Peoria, Tazewell, Woodford
Petersburg, VA (See Richmond-Petersburg)
Philadelphia, PA—
New Jersey Portion—Burlington, Camden, Gloucester
Pennsylvania Portion—Bucks, Chester, Delaware, Montgomery, Philadelphia
PHILADELPHIA-WILMINGTON-TRENTON CONSOLIDATED AREA—Metro Areas: Philadelphia, PA; Trenton, Millville-Bridgeton, NJ; Wilmington, DE
Phoenix, AZ—Maricopa
Pine Bluff, AR—Jefferson
Pittsburgh, PA—Allegheny, Fayette, Washington, Westmoreland
PITTSBURGH-BEAVER VALLEY CONSOLIDATED AREA—Metro Areas: Beaver County, Pittsburgh, PA
Pittsfield, MA—Berkshire
Pompano Beach, FL (See Fort Lauderdale-Hollywood-Pompano Beach)
Port Arthur, TX (See Beaumont-Port Arthur)
Portland, ME—Cumberland
Portland, OR—Clackamas, Multnomah, Washington, Yamhill
PORTLAND-VANCOUVER CONSOLIDATED AREA—Metro Areas: Portland, OR; Vancouver, WA
Portsmouth-Dover-Rochester, NH—Rockingham, Strafford
Poughkeepsie, NY—Dutchess
Providence-Pawtucket-Woonsocket, RI—Bristol, Kent, Providence, Washington
Provo-Orem, UT—Utah
Pueblo, CO—Pueblo

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METROPOLITAN STATISTICAL AREAS

R

Racine, WI—Racine
Raleigh-Durham, NC—Durham, Franklin, Orange, Wake
Rantoul, IL (See Champaign-Urbana-Rantoul)
Rapid City, SD—Pennington
Reading, PA—Berks
Redding, CA—Shasta
Reno, NV—Washoe
Richland-Kennewick-Pasco, WA—Benton, Franklin
Richmond-Petersburg, VA—Charles City, Chesterfield, Colonial Heights City, Dinwiddie, Goochland, Hanover, Henrico, Hopewell City, New Kent, Petersburg City, Pawhatan, Prince George, Richmond City
Riverside-San Bernardino, CA—Riverside, San Bernardino
Roanoke, VA—Botetourt, Roanoke, Roanoke City, Salem City
Rochester, MN—Olmsted
Rochester, NY—Livingston, Monroe, Ontario, Orleans, Wayne
Rockford, IL—Boone, Winnebago
Rock Hill, SC (See Charlotte, Gastonia, Rock Hill)
Rock Island, IL (See Davenport-Rock Island-Moline)
Rome, NY (See Utica-Rome)

S

Sacramento, CA—El Dorado, Placer, Sacramento, Yolo
Saginaw-Bay City-Midland, MI—Bay, Midland, Saginaw
St. Cloud, MN—Benton, Sherburne, Stearns
St. Joseph, MO—Buchanan
St. Louis, MO-IL—
  Illinois Portion—Clinton, Jersey, Madison, Monroe, St. Clair
  Missouri Portion—Franklin, Jefferson, St. Charles, St. Louis, St. Louis City
St. Paul, MN (See Minneapolis-St. Paul)
St. Petersburg, FL (See Tampa-St. Petersburg-Clearwater)
Salem, MA (See Boston-Lawrence-Salem-Lowell-Brockton)
Salem, OR—Marion, Polk
Salinas-Seaside-Monterey, CA—Monterey
Salt Lake City-Ogden, UT—Davis, Salt Lake, Weber
San Angelo, TX—Tom Green
San Antonio, TX—Bexar, Comal, Guadalupe
San Bernardino, CA (See Riverside-San Bernardino)
San Diego, CA—San Diego
San Francisco, CA—Marin, San Francisco, San Mateo
SAN FRANCISCO-OAKLAND-SAN JOSE CONSOLIDATED AREA—Metro Areas: Oakland, San Francisco, San Jose, Santa Cruz, Santa Rosa-Petaluma, Vallejo-Fairfield-Napa, CA
San Jose, CA—Santa Clara
Santa Ana, CA (See Anaheim-Santa Ana)
Santa Barbara-Santa Maria-Lompoc, CA—Santa Barbara
Santa Cruz, CA—Santa Cruz
Santa Fe, NM—Los Alamos, Santa Fe
Santa Maria, CA (See Santa Barbara-Santa Maria-Lompoc)
Santa Rosa-Petaluma, CA—Sonoma
Sarasota, FL—Sarasota
Savannah, GA—Chatham, Ellingham
Schenectady, NY (See Albany-Schenectady-Troy)
Scranton-Wilkes-Barre, PA—Columbia, Lackawanna, Luzerne, Monroe, Wyoming
Seaside, CA (See Salinas-Seaside-Monterey)
Seattle, WA—King, Snohomish
SEATTLE-TACOMA CONSOLIDATED AREA—Metro Areas: Seattle, Tacoma, WA
Sharon, PA—Mercer
Sheboygan, WI—Sheboygan
Sherman-Denison, TX—Grayson
Shreveport, LA—Bossier, Caddo
Sioux City, IA—
  Iowa Portion—Woodbury
  Nebraska Portion—Dakota
Sioux Falls, SD—Minnehaha
South Bend-Mishawaka, IN—St. Joseph
Spartanburg, SC (See Greenville-Spartanburg)
Spokane, WA—Spokane
Springdale, AR (See Fayetteville-Springdale)
Springfield, IL—Menard, Sangamon
Springfield, MA—Hampden, Hampshire
Springfield, OH (See Dayton-Springfield)
Springfield, OR (See Eugene-Springfield)
Stamford, CT (See Bridgeport-Stamford-Norwalk-Danbury)
State College, PA—Centre
Steubenville-Weirton, OH-WV—
  Ohio Portion—Jefferson
  West Virginia Portion—Brooke, Hancock
Stockton, CA—San Joaquin
Syracuse, NY—Madison, Onondaga, Oswego

T

Tacoma, WA—Pierce
Tallahassee, FL—Gadsden, Leon
Tampa-St. Petersburg-Clearwater, FL—Hernando, Hillsborough, Pasco, Pinellas
Temple, TX (See Killeen-Temple)
Terre Haute, IN—Clay, Vigo
Texarkana, TX-AR—
  Arkansas Portion—Miller
  Texas Portion—Bowie
Texas City, TX (See Galveston-Texas City)
Titusville, FL (See Melbourne-Titusville-Palm Bay)
Toledo, OH—Fulton, Lucas, Wood
Topeka, KS—Shawnee
Trenton, NJ—Mercer
Troy, NY (See Albany-Schenectady-Troy)
Tucson, AZ—Pima
Tulsa, OK—Creek, Osage, Rogers, Tulsa, Wagoner
Tuscaloosa, AL—Tuscaloosa
Tyler, TX—Smith

U&V

Urbana, IL (See Champaign-Urbana-Rantoul)
Utica-Rome, NY—Herkimer, Oneida
Vallejo-Fairfield-Napa, CA—Napa, Solano
Vancouver, WA—Clark
Ventura, CA (See Oxnard-Ventura)
Victoria, TX—Victoria
Vineland-Millville-Bridgeton, NJ—Cumberland
Virginia Beach, VA (See Norfolk-Virginia Beach-Newport News)
Visalia-Tulare-Porterville, CA—Tulare

W&Y

Waco, TX—McLennan
Warren, OH (See Youngstown-Warren)
Washington, DC—
  District of Columbia Portion—District of Columbia
  Maryland Portion—Calvert, Charles, Frederick, Montgomery, Prince George's
  Virginia Portion—Alexandria City, Arlington, Fairfax, Fairfax City, Falls Church City, Loudoun, Manassas City, Manassas Park City, Prince William, Stafford
Waterbury, CT (See New Haven-Waterbury-Meriden)
Waterloo-Cedar Falls, IA—Black Hawk, Bremer
Wausau, WI—Marathon
Weirton, OH (See Steubenville-Weirton)
West Palm Beach-Boca Raton-Delray Beach, FL—Palm Beach
Wheeling, WV—
  Ohio Portion—Belmont
  West Virginia Portion—Marshall
Wichita, KS—Butler, Sedgwick
Wichita Falls, TX—Wichita
Wilkes-Barre, PA (See Scranton-Wilkes-Barre)
Williamsport, PA—Lycoming
Wilmington, DE—
  Delaware Portion—New Castle
  Maryland Portion—Cecil
  New Jersey Portion—Salem
Wilmington, NC—New Hanover
Winston-Salem, NC (See Greensboro-Winston-Salem-High Point)
Winter Haven, FL (See Lakeland-Winter Haven)
Woonsocket, RI (See Providence-Pawtucket-Woonsocket)
Worcester-Fitchburg-Leominster, MA—Worcester
Yakima, WA—Yakima
York, PA—Adams, York
Youngstown-Warren, OH—Mahoning, Trumbull
Yuba City, CA—Sutter, Yuba

REGIONAL SUMMARY

	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
REGION State	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Connecticut	3,242.5	1.3201	2.73	17,696	2,606,333	2,427,457	4,110	725,035	30	1,329,402	55	110	98
Maine	1,191.8	.4852	2.69	11,746	786,336	763,885	1,653	274,076	36	423,127	55	92	83
Massachusetts	5,884.1	2.3956	2.67	15,691	5,438,655	5,075,764	7,846	1,360,178	27	2,892,055	57	131	102
New Hampshire	1,060.1	.4316	2.69	14,501	788,361	771,694	1,504	223,133	29	468,875	61	85	91
Rhode Island	990.0	.4031	2.73	13,490	720,468	661,024	1,304	201,857	31	382,100	58	111	86
Vermont	550.3	.2241	2.67	11,741	408,910	379,952	829	102,406	27	230,735	61	93	88
NEW ENGLAND	**12,918.8**	**5.2597**	**2.69**	**15,396**	**10,749,063**	**10,079,776**	**17,246**	**2,886,685**	**29**	**5,726,294**	**57**	**114**	**97**
New Jersey	7,728.6	3.1465	2.73	16,628	4,517,623	3,954,591	8,361	1,175,251	30	2,117,189	54	76	131
New York	17,964.0	7.3136	2.67	15,014	10,994,956	10,211,271	21,643	2,715,344	27	5,599,940	55	95	96
Pennsylvania	11,973.4	4.8747	2.65	12,940	6,263,727	5,640,770	12,575	1,994,593	35	2,769,849	49	82	97
MIDDLE ATLANTIC	**37,666.0**	**15.3348**	**2.67**	**14,686**	**21,776,306**	**19,806,632**	**42,579**	**5,885,188**	**30**	**10,486,978**	**53**	**86**	**103**
Illinois	11,657.6	4.7461	2.72	14,115	6,831,008	6,299,186	12,391	2,410,674	38	3,145,967	50	111	103
Indiana	5,570.8	2.2680	2.75	11,780	3,186,125	2,969,195	6,543	1,382,604	47	1,252,589	42	103	88
Michigan	9,262.9	3.7712	2.75	12,751	5,370,774	4,901,877	9,949	1,870,949	38	2,469,507	50	108	95
Ohio	10,834.9	4.4112	2.67	12,501	6,483,849	5,980,791	12,274	2,546,517	43	2,775,011	46	103	92
Wisconsin	4,836.6	1.9691	2.68	12,595	2,950,551	2,496,584	5,898	839,236	34	1,469,880	59	104	87
EAST NORTH CENTRAL	**42,162.8**	**17.1656**	**2.71**	**12,918**	**24,822,307**	**22,647,633**	**47,055**	**9,049,980**	**40**	**11,112,954**	**49**	**106**	**94**
Iowa	2,860.7	1.1647	2.59	12,123	1,502,467	1,325,801	3,545	566,489	43	629,145	47	84	78
Kansas	2,495.0	1.0158	2.64	13,367	1,277,002	1,222,046	3,220	605,944	50	496,226	41	92	78
Minnesota	4,292.3	1.7475	2.70	13,607	2,701,359	2,440,497	4,921	796,317	33	1,411,811	58	105	101
Missouri	5,173.6	2.1063	2.71	12,202	3,011,580	2,850,323	5,901	1,260,582	44	1,216,429	43	102	95
Nebraska	1,616.8	.6583	2.65	12,574	977,280	851,745	1,806	349,575	41	433,931	51	106	93
North Dakota	694.3	.2827	2.79	12,090	347,264	290,692	846	112,975	39	159,137	55	90	83
South Dakota	721.9	.2939	2.69	11,183	385,425	331,184	966	111,012	34	196,202	59	94	74
WEST NORTH CENTRAL	**17,854.6**	**7.2692**	**2.67**	**12,678**	**10,202,377**	**9,312,288**	**21,205**	**3,802,894**	**41**	**4,542,881**	**49**	**98**	**89**
Delaware	642.5	.2616	2.78	13,457	386,973	361,912	785	153,591	42	177,217	49	95	96
District of Columbia	623.3	.2537	2.45	16,908	740,111	695,377	1,072	170,032	24	342,811	49	266	151
Florida	12,163.9	4.9523	2.48	12,911	8,441,975	7,966,111	14,321	2,816,963	35	4,221,936	53	108	108
Georgia	6,295.2	2.5629	2.79	11,515	3,754,827	3,594,251	6,864	1,801,681	50	1,335,856	37	101	106
Maryland	4,562.6	1.8576	2.76	14,693	2,903,958	2,690,783	4,725	1,076,904	40	1,178,318	44	101	111
North Carolina	6,463.6	2.6315	2.70	11,061	3,334,259	3,260,344	7,094	1,703,999	52	1,211,248	37	90	96
South Carolina	3,458.4	1.4080	2.79	10,042	1,751,158	1,701,034	3,468	841,421	49	626,407	37	87	108
Virginia	5,943.2	2.4196	2.82	13,584	3,434,823	3,380,410	6,374	1,470,528	44	1,449,820	43	95	112
West Virginia	1,934.6	.7877	2.66	9,763	721,433	688,955	1,744	388,403	56	237,028	34	66	92
SOUTH ATLANTIC	**42,087.3**	**17.1349**	**2.67**	**12,393**	**25,469,517**	**24,339,177**	**46,447**	**10,423,522**	**43**	**10,780,641**	**44**	**100**	**107**
Alabama	4,137.1	1.6843	2.72	9,907	1,562,801	1,510,826	3,581	847,414	56	480,697	32	84	100
Kentucky	3,771.5	1.5355	2.77	10,401	1,877,207	1,793,486	3,209	994,443	55	632,165	35	95	109
Mississippi	2,676.2	1.0895	2.88	8,599	841,893	816,086	2,231	438,468	54	275,706	34	68	98
Tennessee	4,899.5	1.9947	2.68	10,893	2,370,808	2,305,944	5,015	1,090,088	47	959,872	42	97	104
EAST SOUTH CENTRAL	**15,486.0**	**6.3047**	**2.74**	**10,114**	**6,653,192**	**6,426,638**	**14,036**	**3,370,491**	**52**	**2,348,579**	**37**	**88**	**103**
Arkansas	2,420.0	.9852	2.72	10,142	886,842	866,853	2,599	490,368	57	285,804	33	70	81
Louisiana	4,517.8	1.8393	2.85	9,999	2,283,753	2,140,076	4,178	875,992	41	788,446	37	76	103
Oklahoma	3,344.4	1.3616	2.64	10,616	1,815,513	1,765,189	4,346	848,984	48	654,950	37	95	71
Texas	16,888.0	6.8756	2.81	11,769	10,071,669	9,416,387	19,209	4,036,500	43	3,915,184	42	88	95
WEST SOUTH CENTRAL	**27,170.2**	**11.0617**	**2.79**	**11,188**	**15,057,777**	**14,188,505**	**30,332**	**6,251,844**	**44**	**5,644,384**	**40**	**86**	**92**
Arizona	3,441.1	1.4010	2.62	12,118	2,072,473	1,918,236	3,873	691,180	36	1,001,388	52	92	104
Colorado	3,346.3	1.3624	2.57	13,174	2,441,362	2,271,527	4,504	710,833	31	1,272,699	56	109	96
Idaho	1,033.9	.4210	2.87	9,932	456,269	413,612	1,086	160,016	39	223,254	54	74	92
Montana	832.1	.3388	2.59	10,768	463,942	366,554	1,266	128,766	35	217,845	59	79	70
Nevada	1,026.7	.4180	2.44	13,231	759,731	675,709	1,220	229,870	34	351,109	52	89	482
New Mexico	1,525.0	.6209	2.79	9,929	856,906	796,922	1,825	339,036	43	374,139	47	95	85
Utah	1,712.4	.6971	3.23	9,739	634,112	612,530	1,704	271,093	44	293,228	48	72	98
Wyoming	500.4	.2037	2.69	11,987	375,460	319,269	702	123,935	39	165,387	52	94	98
MOUNTAIN	**13,417.9**	**5.4629**	**2.69**	**11,657**	**8,060,255**	**7,374,359**	**16,180**	**2,654,729**	**36**	**3,899,049**	**53**	**92**	**124**
Alaska	545.7	.2222	2.93	14,434	539,218	452,928	702	131,841	29	193,917	43	111	106
California	27,939.0	11.3748	2.73	15,248	21,054,569	19,893,628	34,378	6,988,926	35	11,067,308	56	122	99
Hawaii	1,088.8	.4433	3.17	13,486	1,351,540	1,271,677	1,548	416,168	33	708,525	56	209	174
Oregon	2,738.4	1.1149	2.58	11,151	1,728,314	1,588,423	3,902	578,804	36	870,190	55	113	75
Washington	4,548.9	1.8520	2.56	13,650	3,091,423	2,848,867	5,655	940,902	33	1,622,082	57	107	89
PACIFIC	**36,859.1**	**15.0065**	**2.71**	**14,682**	**27,764,581**	**26,055,227**	**46,185**	**9,056,563**	**35**	**14,461,883**	**56**	**122**	**98**
United States Total	**245,622.7**	**100.0000**	**2.70**	**13,040**	**150,555,375**	**140,230,235**	**281,265**	**53,381,896**	**38**	**69,003,643**	**49**	**100**	**100**

SALES BY METROPOLITAN AREA, 1987

This section of the Restaurant Growth Index provides EBI, sales, unit counts, market share, and RAI/RGI indexes for the 318 Metropolitan Statistical Areas.

	12/31/87				1987								
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
ALABAMA													
Anniston	124.9	.0509	2.79	9,445	33,431	32,751	112	18,530	57	10,125	31	78	91
Birmingham	928.7	.3781	2.64	10,950	403,630	389,700	845	204,658	53	127,484	33	92	104
Decatur	100.7	.0410	2.67	9,937	37,178	36,977	101	23,056	62	10,826	29	85	88
Dothan	132.2	.0538	2.77	9,611	64,741	63,230	137	39,432	62	18,514	29	101	93
Florence	139.9	.0569	2.64	9,797	56,830	54,827	136	31,02[illegible]	[illegible]7	16,947	31	104	86
Gadsden	104.1	.0423	2.64	9,191	39,456	38,603	112	21,840	57	11,933	31	82	74
Huntsville	237.4	.0966	2.66	13,616	127,329	121,502	218	65,650	54	42,982	35	115	130
Mobile	477.6	.1945	2.75	10,670	239,539	225,782	467	116,779	52	75,205	33	90	98
Montgomery	304.4	.1240	2.77	10,877	139,252	134,558	271	76,132	57	41,595	31	102	115
Tuscaloosa	145.9	.0594	2.73	9,553	63,931	60,242	145	34,086	57	18,624	31	76	90
Non-Metro Portion of State	1,391.6	.5665	2.77	8,333	343,971	339,377	1,000	208,713	61	102,362	30	63	95
State Total	**4,137.1**	**1.6843**	**2.7[illegible]**	**[illegible]**	**1,562,801**	**1,510,826**	**3,581**	**847,414**	**56**	**480,697**	**32**	**84**	**100**
ALASKA													
Anchorage	231.1	.0941	2.72	15,790	319,467	284,614	320	87,358	31	114,888	40	154	123
Non-Metro Portion of State	314.6	.1281	3.10	13,438	219,751	168,314	382	44,483	26	79,029	47	75	92
State Total	**545.7**	**.2222**	**2.93**	**14,434**	**539,218**	**452,928**	**702**	**131,841**	**29**	**193,917**	**43**	**111**	**106**
ARIZONA													
Phoenix	1,986.1	.8086	2.56	13,679	1,317,464	1,230,811	2,220	426,159	35	646,985	53	95	116
Tucson	640.6	.2608	2.53	11,461	388,373	355,176	722	140,710	40	172,750	49	105	92
Non-Metro Portion of State	814.4	.3316	2.88	8,828	366,636	332,249	931	124,311	37	181,653	55	74	84
State Total	**3,441.1**	**1.4010**	**2.62**	**12,118**	**2,072,473**	**1,918,236**	**3,873**	**691,180**	**36**	**1,001,388**	**52**	**92**	**104**
ARKANSAS													
Fayetteville - Springdale	109.1	.0444	2.67	10,911	60,635	58,941	152	33,116	56	20,190	34	92	73
Fort Smith	181.4	.0739	2.69	10,480	81,395	80,361	244	44,861	56	27,621	34	99	70
Little Rock - North Little Rock	515.3	.2099	2.73	12,527	265,501	260,211	566	135,676	52	94,027	36	87	102
Pine Bluff	90.0	.0366	2.91	9,606	30,959	30,035	88	16,876	56	10,288	34	60	85
Texarkana	121.4	.0494	2.72	10,186	61,540	59,814	126	28,107	47	23,398	39	80	86
Non-Metro Portion of State	1,470.9	.5988	2.71	9,206	411,293	402,007	1,498	239,652	60	123,766	31	58	73
State Total	**2,420.0**	**.9852**	**2.72**	**10,142**	**886,842**	**866,853**	**2,599**	**490,358**	**57**	**285,804**	**33**	**70**	**81**
CALIFORNIA													
Anaheim - Santa Ana	2,230.3	.9080	2.81	17,064	2,141,980	2,061,285	2,987	714,543	35	1,178,749	57	151	107
Bakersfield	511.0	.2080	2.84	12,461	314,392	298,132	563	126,705	42	151,711	51	97	89
Chico	175.1	.0713	2.49	11,170	106,089	97,032	215	34,266	35	53,791	55	79	69
Fresno	600.8	.2446	2.80	12,808	307,870	286,978	717	128,447	45	145,084	51	93	77
Los Angeles - Long Beach	8,544.0	3.4785	2.76	15,217	6,351,730	6,037,287	9,586	2,007,229	33	3,355,487	56	128	109
Merced	172.4	.0702	3.08	9,932	78,783	72,428	160	26,536	37	43,568	60	84	88
Modesto	330.5	.1346	2.85	11,856	170,483	162,516	356	78,641	48	73,015	45	80	80
Oakland	1,978.4	.8054	2.59	17,395	1,404,994	1,316,954	2,438	505,342	38	704,171	53	113	91
Oxnard - Ventura	632.3	.2574	3.03	15,854	305,419	292,699	624	105,119	36	171,451	59	82	100
Redding	137.4	.0559	2.67	10,996	70,736	65,332	193	23,072	35	36,217	55	71	72
Riverside - San Bernardino	2,171.5	.8841	2.79	13,218	1,236,165	1,180,420	2,095	522,930	44	597,840	51	97	95
Sacramento	1,354.6	.5515	2.58	14,817	986,534	925,228	1,815	384,313	42	474,871	51	108	86
Salinas - Seaside - Monterey	348.3	.1418	3.07	12,957	234,634	223,442	490	68,884	31	148,383	66	148	106
San Diego	2,313.9	.9421	2.75	15,431	1,773,375	1,668,967	2,725	578,200	35	930,886	56	132	107
San Francisco	1,595.8	.6496	2.38	19,853	2,248,358	2,084,467	3,071	475,292	23	1,294,737	62	182	108
San Jose	1,422.8	.5793	2.83	18,370	1,207,482	1,154,555	1,84[illegible]	446,060	39	599,177	52	141	111

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METRO REPORT

	12/31/87				1987								
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Santa Barbara - Santa Maria - Lompoc	346.7	.1412	2.65	15,703	325,118	309,568	512	88,556	29	202,377	65	124	95
Santa Cruz	229.2	.0933	2.68	15,546	161,783	149,834	366	60,801	41	79,192	53	113	66
Santa Rosa - Petaluma	358.7	.1460	2.53	16,230	238,995	220,210	468	83,434	38	121,651	55	96	81
Stockton	454.2	.1849	2.93	11,792	255,395	238,261	480	116,135	49	112,743	47	107	81
Vallejo - Fairfield - Napa	411.5	.1675	2.82	13,740	270,994	251,164	455	102,966	41	136,841	54	114	89
Visalia - Tulare - Porterville	297.9	.1213	3.07	8,992	139,983	130,689	312	67,980	52	57,098	44	75	81
Yuba City	117.3	.0478	2.73	11,095	60,048	55,393	131	19,558	35	30,707	55	88	77
Non-Metro Portion of State	1,204.4	.4905	2.73	11,380	663,229	610,787	1,777	223,917	37	367,561	60	79	70
State Total	**27,939.0**	**11.3748**	**2.73**	**15,248**	**21,054,569**	**19,893,628**	**34,378**	**6,988,926**	**35**	**11,067,308**	**56**	**122**	**99**
COLORADO													
Boulder - Longmont	219.5	.0893	2.56	13,721	192,442	181,891	331	58,982	32	106,512	59	107	83
Colorado Springs	388.3	.1581	2.69	12,226	237,394	218,934	471	92,806	42	95,822	44	112	92
Denver	1,675.8	.6823	2.50	14,979	1,338,883	1,249,409	2,064	374,478	30	689,528	55	117	110
Fort Collins - Loveland	185.2	.0754	2.64	11,572	100,441	92,295	229	29,578	32	51,229	56	88	84
Greeley	138.8	.0566	2.73	10,269	54,907	50,756	121	16,265	32	28,173	56	80	94
Pueblo	128.2	.0522	2.61	9,936	62,954	55,380	164	17,748	32	30,738	56	79	71
Non-Metro Portion of State	610.5	.2485	2.65	10,453	454,341	422,862	1,124	120,976	29	270,697	64	102	82
State Total	**3,346.3**	**1.3624**	**2.57**	**13,174**	**2,441,362**	**2,271,527**	**4,504**	**710,833**	**31**	**1,272,699**	**56**	**109**	**96**
CONNECTICUT													
Bridgeport - Stamford - Norwalk - Danbury	834.9	.3399	2.79	21,485	767,466	731,098	1,057	182,021	25	426,649	58	114	101
Hartford - New Britain - Middletown - Bristol	1,104.3	.4497	2.70	16,831	904,868	834,252	1,376	259,270	31	419,243	50	115	108
New Haven - Waterbury - Meriden	784.6	.3194	2.70	16,336	594,217	553,383	1,045	184,959	33	304,091	55	108	87
New London - Norwich	252.4	.1027	2.80	15,024	194,262	173,447	325	58,834	34	101,654	59	108	96
Non-Metro Portion of State	266.3	.1084	2.73	15,939	145,520	135,277	307	39,951	30	77,765	57	79	89
State Total	**3,242.5**	**1.3201**	**2.73**	**17,696**	**2,606,333**	**2,427,457**	**4,110**	**725,035**	**30**	**1,329,402**	**55**	**110**	**98**
DELAWARE													
Wilmington	557.1	.2267	2.79	14,445	297,088	275,583	596	118,321	43	134,451	49	89	111
Non-Metro Portion of State	222.4	.0906	2.80	11,209	134,838	126,325	312	53,561	42	62,749	50	106	71
State Total	**642.5**	**.2616**	**2.78**	**13,457**	**386,973**	**361,912**	**785**	**153,591**	**42**	**177,217**	**49**	**95**	**96**
DISTRICT OF COLUMBIA													
Washington	3,624.9	1.4760	2.67	18,558	2,937,968	2,845,196	4,168	986,101	35	1,328,956	47	122	133
State Total	**623.3**	**.2537**	**2.45**	**16,908**	**740,111**	**695,377**	**1,072**	**170,032**	**24**	**342,811**	**49**	**266**	**151**
FLORIDA													
Bradenton	183.2	.0746	2.32	12,898	138,846	133,843	194	48,184	36	70,084	52	108	88
Daytona Beach	335.4	.1366	2.35	12,254	241,891	224,683	454	83,043	37	113,524	51	107	100
Fort Lauderdale - Hollywood - Pompano Beach	1,190.3	.4846	2.31	15,743	1,120,678	1,039,830	1,620	294,634	28	622,702	60	142	98
Fort Myers - Cape Coral	294.6	.1200	2.34	13,778	191,913	184,580	403	60,416	33	112,801	61	95	81
Fort Pierce	220.5	.0898	2.46	11,792	103,803	99,973	214	41,188	41	51,098	51	68	84
Fort Walton Beach	150.2	.0611	2.75	11,517	107,788	102,608	200	36,944	36	53,730	52	131	99
Gainesville	204.1	.0831	2.65	10,965	136,041	130,028	248	47,193	36	67,993	52	97	102
Jacksonville	890.1	.3624	2.63	12,408	538,566	510,991	1,001	242,652	47	214,447	42	119	116
Lakeland - Winter Haven	390.6	.1590	2.67	10,660	186,582	179,490	367	91,247	51	75,018	42	74	107
Melbourne - Titusville - Palm Bay	377.6	.1538	2.48	12,180	209,753	194,960	442	75,148	39	94,687	49	104	87
Miami - Hialeah	1,818.2	.7402	2.61	12,997	1,335,132	1,266,329	2,219	410,949	32	649,545	51	118	119
Naples	127.9	.0520	2.37	13,580	117,129	108,986	173	44,911	41	55,707	51	97	100
Ocala	179.3	.0730	2.54	9,550	84,189	80,712	187	29,058	36	42,264	52	71	77
Orlando	959.0	.3903	2.62	12,724	805,251	775,559	1,131	292,192	38	405,569	52	128	170

METRO REPORT

	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Panama City	129.0	.0525	2.62	9,240	110,568	103,790	180	37,365	36	54,350	52	185	96
Pensacola	349.6	.1423	2.72	11,461	191,839	175,481	339	86,097	49	64,203	37	99	108
Sarasota	255.7	.1041	2.21	14,462	219,241	210,935	356	52,580	25	140,020	66	116	80
Tallahassee	222.9	.0907	2.68	11,531	142,659	136,266	237	49,359	36	71,279	52	116	121
Tampa - St. Petersburg - Clearwater	1,979.3	.8058	2.36	12,986	1,339,987	1,258,220	2,331	460,428	37	634,606	50	99	99
West Palm Beach - Boca Raton - Delray Beach	804.0	.3274	2.32	16,920	664,612	622,958	960	157,318	25	409,959	66	111	116
Non-Metro Portion of State	1,102.4	.4490	2.53	10,289	455,507	425,889	1,065	176,057	41	218,350	51	66	85
State Total	**12,163.9**	**4.9523**	**2.48**	**12,911**	**8,441,975**	**7,966,111**	**14,321**	**2,816,963**	**35**	**4,221,936**	**53**	**108**	**108**
GEORGIA													
Albany	118.7	.0483	2.97	9,739	67,838	63,776	125	32,503	51	23,698	37	96	101
Athens	146.7	.0598	2.73	10,354	92,337	85,666	163	43,719	51	31,878	37	100	95
Atlanta	2,662.8	1.0842	2.69	13,979	2,234,563	2,127,610	3,432	982,351	46	833,240	39	130	112
Augusta	399.5	1626	2.81	10,924	179,002	171,290	352	91,831	54	50,464	29	84	116
Columbus	254.3	.1035	2.87	10,177	120,335	113,878	240	58,798	52	41,497	36	107	89
Macon - Warner Robins	287.7	.1171	2.80	11,603	147,841	143,239	310	73,499	51	52,945	37	82	98
Savannah	241.6	.0985	2.75	11,488	186,007	174,719	286	89,022	51	64,921	37	130	107
Non-Metro Portion of State	2,243.1	.9130	2.88	9,012	751,177	737,599	1,998	438,025	59	244,346	33	65	100
State Total	**6,295.2**	**2.5629**	**2.79**	**11,515**	**3,754,827**	**3,594,251**	**6,864**	**1,801,681**	**50**	**1,335,856**	**37**	**101**	**106**
HAWAII													
Honolulu	836.2	.3404	3.19	14,046	1,065,577	992,641	1,134	337,376	34	524,222	53	240	165
Non-Metro Portion of State	252.6	.1029	3.10	11,633	285,963	279,036	414	78,792	28	184,303	66	143	199
State Total	**1,088.8**	**.4433**	**3.17**	**13,486**	**1,351,540**	**1,271,677**	**1,548**	**416,168**	**33**	**708,525**	**56**	**209**	**174**
IDAHO													
Boise	204.0	.0831	2.67	12,211	139,489	128,990	241	49,149	38	67,839	53	110	99
Non-Metro Portion of State	829.9	.3379	2.92	9,373	316,780	284,622	845	110,867	39	155,415	55	64	90
State Total	**1,033.9**	**.4210**	**2.87**	**9,932**	**456,269**	**413,612**	**1,086**	**160,016**	**39**	**223,254**	**54**	**74**	**92**
ILLINOIS													
Aurora - Elgin	354.4	.1443	2.83	14,570	185,695	171,035	354	62,786	37	84,994	50	99	105
Bloomington - Normal	124.8	.0506	2.74	14,241	84,095	76,790	156	30,059	39	37,844	49	120	89
Champaign - Urbana - Rantoul	172.2	.0701	2.77	12,392	126,697	113,843	197	44,561	39	56,106	49	133	106
Chicago	6,177.3	2.5150	2.72	15,173	4,199,587	3,940,321	6,756	1,371,103	35	2,047,014	52	127	116
Davenport - Rock Island - Moline	374.0	.1522	2.63	13,973	245,722	213,834	441	98,580	46	90,358	42	113	88
Decatur	126.5	.0515	2.60	14,231	62,589	55,199	125	21,609	39	27,203	49	84	109
Joliet	383.8	.1562	3.03	13,626	149,218	136,498	327	55,651	41	68,893	50	94	98
Kankakee	102.4	.0417	2.78	11,482	59,582	56,385	100	22,073	39	27,786	49	111	92
Lake County	486.0	.1979	3.02	17,269	253,201	235,766	542	79,578	34	130,506	55	107	91
Peoria	355.4	.1448	2.66	14,852	186,358	169,303	381	71,217	42	86,828	51	93	105
Rockford	284.2	.1158	2.67	13,690	164,231	147,836	332	59,070	40	75,463	51	96	94
Springfield	194.0	.0790	2.47	12,876	127.266	115,720	207	45,307	39	57,035	49	117	115
Non-Metro Portion of State	2,082.3	.8475	2.62	11,411	812,347	718,489	2,115	360,794	50	304,340	42	75	73
State Total	**11,657.6**	**4.7461**	**2.72**	**14,115**	**6,831,008**	**6,299,186**	**12,391**	**2,410,674**	**38**	**3,145,967**	**50**	**111**	**103**
INDIANA													
Anderson	131.2	.0534	2.69	11,717	69,465	62,759	140	29,416	47	26,330	42	78	88
Bloomington	101.4	.0413	2.77	11,501	64,499	60,067	133	28,157	47	25,196	42	124	79
Elkhart - Goshen	148.0	.0602	2.76	12,048	85,670	81,090	205	38,008	47	34,019	42	84	79
Evansville	283.4	.1154	2.61	12,660	185,241	171,838	332	87,312	51	67,971	40	104	98
Fort Wayne	359.1	.1461	2.76	12,465	231,787	216,181	470	76,148	35	120,631	56	114	93
Gary - Hammond	629.0	.2561	2.89	11,139	396,200	371,601	704	174,698	47	161,971	44	112	90

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METRO REPORT

	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Indianapolis	1,229.0	.5005	2.69	13,392	861,672	817,117	1,458	377,408	46	322,334	39	129	105
Kokomo	102.6	.0418	2.67	13,198	74,662	67,994	142	31,875	47	28,518	42	104	80
Lafayette - West Lafayette	122.8	.0500	2.84	12,285	80,948	75,196	143	35,247	47	31,544	42	147	101
Muncie	121.0	.0493	2.78	11,268	90,107	84,368	160	39,550	47	35,393	42	113	80
South Bend - Mishawaka	241.3	.0983	2.69	12,234	162,490	150,427	334	60,190	40	78,659	52	113	84
Terre Haute	133.3	.0543	2.70	11,572	91,446	84,437	161	39,581	47	35,420	42	112	85
Non-Metro Portion of State	1,790.2	.7287	2.78	10,615	721,726	659,968	1,989	330,819	50	261,915	40	76	74
State Total	**5,570.8**	**2.2680**	**2.75**	**11,780**	**3,186,125**	**2,969,195**	**6,543**	**1,382,604**	**47**	**1,252,589**	**42**	**103**	**88**
IOWA													
Cedar Rapids	168.4	.0686	2.54	14,491	100,674	90,291	202	38,976	43	42,424	47	97	98
Davenport - Rock Island - Moline	374.0	.1522	2.63	13,973	245,722	213,834	441	98,580	46	90,358	42	113	88
Des Moines	385.4	.1568	2.49	14,376	272,517	249,274	479	107,383	43	108,586	44	97	101
Dubuque	90.8	.0369	2.90	11,338	51,068	45,188	119	19,506	43	21,230	47	96	77
Iowa City	85.9	.0350	2.58	13,608	56,937	48,474	91	20,926	43	22,776	47	113	120
Sioux City	116.4	.0474	2.61	11,184	65,828	58,254	138	25,057	43	27,605	47	88	84
Waterloo - Cedar Falls	149.7	.0609	2.70	13,748	82,996	72,137	173	31,005	43	34,108	47	106	87
Non-Metro Portion of State	1,635.6	.6661	2.60	11,013	710,787	619,572	2,097	256,510	41	312,607	50	70	66
State Total	**2,860.7**	**1.1647**	**2.59**	**12,123**	**1,502,467**	**1,325,801**	**3,545**	**566,489**	**43**	**629,145**	**47**	**84**	**78**
KANSAS													
Kansas City	1,542.7	.6282	2.64	14,522	1,056,645	1,014,749	1,692	455,812	45	454,114	45	117	117
Lawrence	73.2	.0298	2.80	12,145	49,909	45,610	82	22,701	50	18,507	41	128	91
Topeka	162.2	.0660	2.54	15,060	113,705	107,032	231	53,276	50	43,432	41	106	88
Wichita	442.6	.1802	2.59	15,206	274,831	265,429	629	121,606	46	109,471	41	117	85
Non-Metro Portion of State	1,229.6	.5006	2.63	11,227	528,852	502,077	1,719	254,317	51	202,730	40	77	63
State Total	**2,495.0**	**1.0158**	**2.64**	**13,367**	**1,277,002**	**1,222,046**	**3,220**	**605,944**	**50**	**496,226**	**41**	**92**	**78**
KENTUCKY													
Clarksville - Hopkinsville	158.6	.0646	2.99	9,964	69,538	64,512	146	32,645	51	24,940	39	105	88
Huntington - Ashland	334.0	.1360	2.68	9,954	160,713	155,267	301	100,261	65	41,106	26	90	92
Lexington-Fayette	336.0	.1369	2.64	12,633	281,405	272,547	404	137,301	50	104,402	38	155	113
Louisville	966.1	.3933	2.70	12,248	658,856	615,384	948	326,908	53	221,636	36	117	118
Owensboro	87.8	.0358	2.69	10,832	69,087	63,424	108	35,221	56	21,874	34	125	93
Non-Metro Portion of State	2,063.5	.8399	2.82	9,002	656,833	643,075	1,453	397,679	62	201,413	31	69	103
State Total	**3,771.5**	**1.5355**	**2.77**	**10,401**	**1,877,207**	**1,793,486**	**3,209**	**994,443**	**55**	**632,165**	**35**	**95**	**109**
LOUISIANA													
Alexandria	139.2	.0567	2.85	9,379	53,724	51,565	122	21,805	42	18,712	36	65	102
Baton Rouge	553.7	.2255	2.90	10,942	276,339	258,425	509	138,200	53	85,220	33	71	111
Houma - Thibodaux	187.9	.0766	3.04	10,517	146,823	141,709	174	52,946	37	33,376	24	118	104
Lafayette	218.9	.0891	2.86	11,107	167,809	156,182	240	65,701	42	55,802	36	113	108
Lake Charles	173.9	.0708	2.84	10,760	75,511	70,361	158	29,752	42	25,531	36	56	102
Monroe	144.8	.0590	2.83	9,268	72,128	68,790	164	29,084	42	24,963	36	82	80
New Orleans	1,337.4	.5443	2.72	10,992	979,594	911,940	1,497	338,479	37	402,868	44	94	110
Shreveport	365.9	.1490	2.72	10,968	179,656	168,572	350	81,616	48	66,723	40	79	99
Non-Metro Portion of State	1,396.1	.5683	2.97	8,218	332,169	312,532	964	118,409	38	75,251	24	44	92
State Total	**4,517.8**	**1.8393**	**2.85**	**9,999**	**2,283,753**	**2,140,076**	**4,178**	**875,992**	**41**	**788,446**	**37**	**76**	**103**
MAINE													
Bangor	139.1	.0566	2.84	11,165	86,307	84,420	153	31,694	38	44,998	53	89	103
Lewiston - Auburn	101.0	.0411	2.68	11,440	52,542	50,431	110	18,930	38	26,881	53	63	91
Portland	230.8	.0940	2.58	14,014	255,876	244,555	347	79,100	32	146,296	60	107	103
Non-Metro Portion of State	720.9	.2935	2.70	11,174	391,611	384,479	1,043	144,352	38	204,952	53	89	73
State Total	**1,191.8**	**.4852**	**2.69**	**11,746**	**786,336**	**763,885**	**1,653**	**274,076**	**36**	**423,127**	**55**	**92**	**83**

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METRO REPORT

STATE Metro Name	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
MARYLAND													
Baltimore	2,333.6	.9501	2.75	13,319	1,464,496	1,312,019	2,390	527,257	40	538,633	41	104	112
Cumberland	103.8	.0423	2.65	10,185	49,865	46,871	130	19,780	42	19,961	43	90	80
Hagerstown	114.8	.0467	2.78	10,849	39,582	32,948	111	13,485	41	14,264	43	60	110
Non-Metro Portion of State	326.0	.1327	2.73	11,275	225,858	213,681	439	82,622	39	117,475	55	116	92
State Total	**4,562.6**	**1.8576**	**2.76**	**14,693**	**2,903,958**	**2,690,783**	**4,725**	**1,076,904**	**40**	**1,178,318**	**44**	**101**	**111**
MASSACHUSETTS													
Boston - Lawrence - Salem - Lowell - Brockton	3,718.1	1.5137	2.67	16,944	3,806,717	3,568,746	4,878	928,855	26	1,988,249	56	153	114
New Bedford - Fall River - Attleboro	495.7	.2018	2.73	12,369	329,969	302,954	565	114,820	38	151,694	50	66	84
Pittsfield	142.5	.0580	2.60	13,598	98,291	89,774	222	25,351	28	56,043	62	76	80
Springfield	591.4	.2408	2.72	13,135	428,032	390,615	705	113,276	29	229,941	59	98	89
Worcester - Fitchburg - Leominster	670.2	.2729	2.73	14,324	438,342	407,487	781	107,181	26	236,042	58	120	92
Non-Metro Portion of State	266.2	.1084	2.43	14,623	337,304	316,188	695	70,695	22	230,086	73	141	63
State Total	**5,884.1**	**2.3956**	**2.67**	**15,691**	**5,438,655**	**5,075,764**	**7,846**	**1,360,178**	**27**	**2,892,055**	**57**	**131**	**102**
MICHIGAN													
Ann Arbor	272.2	.1108	2.72	13,989	201,850	190,070	338	73,480	39	95,317	50	151	119
Battle Creek	138.5	.0564	2.64	13,365	75,701	69,262	174	26,777	39	34,731	50	101	89
Benton Harbor	166.6	.0678	2.69	11,474	84,972	77,835	191	30,094	39	39,030	50	116	80
Detroit	4,358.9	1.7748	2.72	13,839	2,767,014	2,550,248	4,603	947,123	37	1,281,783	50	110	100
Flint	440.6	.1793	2.74	11,424	294,917	260,682	451	112,652	43	116,354	45	129	103
Grand Rapids	654.9	.2666	2.76	13,322	401,821	369,887	646	126,361	34	197,037	53	128	120
Jackson	147.8	.0602	2.86	12,244	60,361	54,924	151	21,236	39	27,542	50	105	91
Kalamazoo	219.7	.0894	2.68	14,236	157,709	150,153	278	59,312	40	70,273	47	182	102
Lansing - East Lansing	434.6	.1769	2.80	13,000	273,201	250,582	447	112,310	45	115,703	46	107	108
Muskegon	159.0	.0648	2.76	11,442	82,731	74,693	158	28,877	39	37,457	50	111	95
Saginaw - Bay City - Midland	408.5	.1663	2.82	11,958	258,667	233,990	367	90,305	39	118,982	51	117	111
Non-Metro Portion of State	1,861.6	.7579	2.78	10,298	711,830	619,551	2,145	242,422	39	335,298	54	73	66
State Total	**9,262.9**	**3.7712**	**2.75**	**12,751**	**5,370,774**	**4,901,877**	**9,949**	**1,870,949**	**38**	**2,469,507**	**50**	**108**	**95**
MINNESOTA													
Duluth	247.6	.1008	2.63	12,314	159,102	135,499	322	43,894	32	82,868	61	96	78
Fargo - Moorhead	149.8	.0609	2.70	12,929	102,110	88,906	182	34,390	39	48,472	55	134	99
Minneapolis - St. Paul	2,336.4	.9513	2.64	16,149	1,761,333	1,609,647	2,570	523,809	33	912,867	57	122	127
Rochester	98.4	.0401	2.67	15,243	65,696	61,656	110	20,513	33	35,537	58	100	142
St. Cloud	181.7	.0741	3.14	10,614	88,820	76,441	171	25,486	33	44,150	58	87	91
Non-Metro Portion of State	1,469.5	.5981	2.75	10,050	652,437	576,464	1,813	191,699	33	346,655	60	81	64
State Total	**4,292.3**	**1.7475**	**2.70**	**13,607**	**2,701,359**	**2,440,497**	**4,921**	**796,317**	**33**	**1,411,811**	**58**	**105**	**101**
MISSISSIPPI													
Biloxi - Gulfport	206.4	.0840	2.80	10,110	133,212	125,857	239	66,817	53	44,806	36	132	95
Jackson	402.8	.1639	2.86	10,645	167,105	164,621	377	82,793	50	59,955	36	93	115
Pascagoula	129.4	.0527	2.93	11,067	51,163	48,578	107	25,789	53	17,295	36	70	119
Non-Metro Portion of State	1,872.5	.7624	2.88	7,778	478,365	464,982	1,476	255,390	55	150,231	32	56	91
State Total	**2,676.2**	**1.0895**	**2.88**	**8,599**	**841,893**	**816,086**	**2,231**	**438,469**	**54**	**275,706**	**34**	**68**	**98**
MISSOURI													
Columbia	110.0	.0448	2.76	13,219	60,316	57,378	127	25,442	44	24,730	43	111	95
Joplin	135.7	.0552	2.63	10,242	71,229	68,241	176	30,260	44	29,414	43	88	66
Kansas City	1,542.7	.6282	2.64	14,522	1,056,645	1,014,749	1,692	455,812	45	454,114	45	117	117
St. Joseph	86.7	.0352	2.65	11,594	55,156	51,086	102	22,651	44	22,020	43	85	93

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METRO REPORT

	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
St. Louis	2,463.7	1.0031	2.74	13,734	1,629,229	1,514,605	2,632	691,096	46	601,225	40	109	110
Springfield	231.0	.0940	2.63	11,681	142,478	133,824	285	62,531	47	51,194	38	101	101
Non-Metro Portion of State	1,790.5	.7290	2.76	9,233	593,159	559,714	1,986	262,161	47	247,192	44	69	63
State Total	**5,173.6**	**2.1063**	**2.71**	**12,202**	**3,011,580**	**2,850,323**	**5,901**	**1,260,582**	**44**	**1,216,429**	**43**	**102**	**95**
MONTANA													
Billings	120.6	.0491	2.56	12,093	89,067	74,556	201	26,851	36	43,080	58	95	75
Great Falls	79.2	.0323	2.58	11,798	46,586	38,091	117	13,716	36	22,010	58	108	72
Non-Metro Portion of State	632.3	.2574	2.59	10,386	328,289	253,907	948	88,199	35	152,755	60	72	68
State Total	**832.1**	**.3388**	**2.59**	**10,768**	**463,942**	**366,554**	**1,266**	**128,766**	**35**	**217,845**	**59**	**79**	**70**
NEBRASKA													
Lincoln	209.2	.0851	2.57	15,386	147,939	132,497	234	55,573	42	66,510	50	130	109
Omaha	621.0	.2528	2.69	14,703	445,832	396,401	628	166,003	42	199,010	50	120	119
Non-Metro Portion of State	856.1	.3487	2.64	10,389	432,662	366,249	1,008	148,084	40	188,443	51	90	73
State Total	**1,616.8**	**.6583**	**2.65**	**12,574**	**977,280**	**851,745**	**1,806**	**349,575**	**41**	**433,931**	**51**	**106**	**93**
NEVADA													
Las Vegas	610.9	.2487	2.46	12,932	470,554	416,187	676	141,450	34	205,562	49	97	571
Reno	237.6	.0968	2.34	14,729	183,743	169,260	301	57,566	34	97,499	58	94	416
Non-Metro Portion of State	178.2	.0725	2.51	12,260	105,434	90,262	243	30,854	34	48,048	53	61	313
State Total	**1,026.7**	**.4180**	**2.44**	**13,231**	**759,731**	**675,709**	**1,220**	**229,870**	**34**	**351,109**	**52**	**89**	**482**
NEW HAMPSHIRE													
Manchester - Nashua	322.1	.1312	2.71	16,318	251,609	246,560	418	74,342	30	144,850	59	98	111
Portsmouth - Dover - Rochester	328.4	.1337	2.73	14,839	247,743	240,304	457	68,088	28	148,281	62	88	83
Non-Metro Portion of State	409.6	.1667	2.64	12,802	289,009	284,830	629	80,703	28	175,744	62	74	84
State Total	**1,060.1**	**.4316**	**2.69**	**14,501**	**788,361**	**771,694**	**1,504**	**223,133**	**29**	**468,875**	**61**	**85**	**91**
NEW JERSEY													
Atlantic City	308.4	.1255	2.54	12,956	340,947	299,209	677	90,125	30	173,553	58	128	407
Bergen - Passaic	1,302.8	.5305	2.69	18,777	920,082	838,044	1,485	213,408	25	457,557	55	87	105
Jersey City	552.5	.2249	2.58	12,457	212,019	170,727	504	56,595	33	89,802	53	48	106
Middlesex - Somerset - Hunterdon	962.4	.3919	2.83	18,379	559,579	477,181	1,026	140,662	29	265,475	56	66	114
Monmouth - Ocean	970.5	.3951	2.64	17,125	581,886	501,735	1,126	154,185	31	295,866	59	72	81
Newark	1,902.4	.7745	2.76	17,188	1,039,181	906,513	1,951	254,677	28	444,523	49	73	116
Trenton	323.6	.1317	2.76	17,772	200,621	175,324	373	51,475	29	92,839	53	76	112
Vineland - Millville - Bridgeton	139.3	.0567	2.88	12,135	46,237	39,170	118	11,804	30	20,996	54	41	103
State Total	**7,728.6**	**3.1465**	**2.73**	**16,628**	**4,517,623**	**3,954,591**	**8,361**	**1,175,251**	**30**	**2,117,189**	**54**	**76**	**131**
NEW MEXICO													
Albuquerque	486.5	.1981	2.61	11,411	345,558	326,707	625	131,580	40	152,139	47	117	99
Las Cruces	126.0	.0513	2.92	8,598	57,580	54,205	129	22,991	42	25,357	47	111	78
Santa Fe	109.6	.0447	2.62	13,953	75,858	73,087	169	32,605	45	34,355	47	116	91
Non-Metro Portion of State	802.9	.3268	2.92	8,690	377,910	342,923	902	151,860	44	162,288	47	76	76
State Total	**1,525.0**	**.6209**	**2.79**	**9,929**	**856,906**	**796,922**	**1,825**	**339,036**	**43**	**374,139**	**47**	**95**	**85**
NEW YORK													
Albany - Schenectady - Troy	853.8	.3476	2.66	14,248	422,372	386,033	1,134	124,895	32	218,562	57	64	85
Binghamton	267.0	.1087	2.71	13,895	125,585	111,867	284	39,243	35	63,736	57	68	104

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METRO REPORT

STATE Metro Name	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Buffalo	970.3	.3950	2.70	12,769	572,568	507,363	1,274	171,679	34	250,267	49	74	78
Elmira	93.7	.0381	2.75	11,263	47,903	42,962	101	11,698	27	23,271	54	83	88
Glens Falls	115.1	.0469	2.83	11,655	63,261	58,214	233	15,850	27	31,534	54	67	62
Nassau - Suffolk	2,661.7	1.0836	3.06	19,033	1,591,941	1,478,116	3,285	414,103	28	765,688	52	71	84
New York	8,528.2	3.4719	2.50	15,324	6,030,309	5,694,131	9,961	1,293,811	23	3,224,691	57	132	109
Niagara Falls	218.0	.0888	2.71	12,291	101,564	91,453	298	32,373	35	41,912	46	68	75
Orange County	284.4	.1158	3.01	13,263	104,092	96,036	323	33,694	35	52,184	54	46	78
Poughkeepsie	260.5	.1061	2.93	15,767	116,663	106,752	304	29,069	27	57,827	54	58	93
Rochester	996.1	.4055	2.71	14,638	584,803	539,182	1,161	168,961	31	291,218	54	82	97
Syracuse	651.0	.2650	2.77	13,750	359,745	320,481	768	102,447	32	175,145	55	72	95
Utica - Rome	321.7	.1310	2.78	11,825	137,353	127,107	404	40,997	32	65,625	52	66	71
Non-Metro Portion of State	1,742.5	.7096	2.83	11,372	736,797	651,574	2,113	236,524	36	338,280	52	67	83
State Total	**17,964.0**	**7.3136**	**2.67**	**15,014**	**10,994,956**	**10,211,271**	**21,643**	**2,715,344**	**27**	**5,599,940**	**55**	**95**	**96**
NORTH CAROLINA													
Asheville	171.8	.0699	2.50	11,282	121,399	117,978	228	61,770	52	44,111	37	100	99
Burlington	102.8	.0419	2.60	11,383	77,276	76,535	117	40,067	52	28,614	37	101	100
Charlotte - Gastonia - Rock Hill	1,088.1	.4432	2.67	12,350	621,562	607,092	1,213	326,968	54	220,522	36	85	111
Fayetteville	265.4	.1080	3.08	9,942	140,694	134,111	259	70,213	52	50,144	37	103	99
Greensboro - Winston-Salem - High Point	914.9	.3724	2.61	12,292	604,508	593,810	1,082	279,275	47	214,868	36	114	99
Hickory	222.1	.0904	2.68	11,583	113,257	112,090	268	59,486	53	41,897	37	87	94
Jacksonville	128.2	.0522	3.36	8,528	56,989	49,724	130	26,034	52	18,591	37	96	68
Raleigh - Durham	667.9	.2719	2.61	14,156	424,015	413,270	849	199,883	48	159,532	39	111	104
Wilmington	117.1	.0477	2.58	11,151	92,496	90,119	164	47,184	52	33,693	37	115	87
Non-Metro Portion of State	2,909.2	1.1844	2.74	9,626	1,147,509	1,129,385	2,880	625,633	55	422,361	37	75	90
State Total	**6,463.6**	**2.6315**	**2.70**	**11,061**	**3,334,259**	**3,260,344**	**7,094**	**1,703,999**	**52**	**1,211,248**	**37**	**90**	**96**
NORTH DAKOTA													
Bismarck	91.4	.0372	2.80	12,544	54,736	50,220	98	20,421	41	26,804	53	110	131
Fargo - Moorhead	149.6	.0609	2.70	12,929	102,110	88,906	182	34,390	39	48,472	55	134	99
Grand Forks	70.5	.0287	2.91	14,780	33,447	28,202	77	11,468	41	15,053	53	104	107
Non-Metro Portion of State	431.2	.1756	2.81	11,142	185,907	147,199	538	54,627	37	82,546	56	69	67
State Total	**694.3**	**.2827**	**2.79**	**12,090**	**347,264**	**290,692**	**846**	**112,975**	**39**	**159,137**	**55**	**90**	**83**
OHIO													
Akron	648.5	.2640	2.66	12,849	424,815	395,090	726	152,076	38	214,118	54	105	93
Canton	404.7	.1649	2.73	11,441	234,083	216,872	493	91,763	42	112,368	52	97	80
Cincinnati	1,423.6	.5796	2.66	13,506	1,038,668	953,657	1,652	385,491	40	452,805	47	113	106
Cleveland	1,842.7	.7502	2.59	13,699	1,298,222	1,191,079	1,995	449,378	38	602,252	51	109	103
Columbus	1,314.2	.5351	2.61	12,983	942,466	877,950	1,605	414,714	47	372,197	42	123	102
Dayton - Springfield	935.0	.3806	2.60	13,108	587,701	545,053	1,090	266,218	49	219,042	40	104	94
Hamilton - Middletown	275.4	.1121	2.80	11,777	137,969	126,118	266	55,412	44	57,542	46	96	89
Lima	157.8	.0642	2.77	11,793	99,206	93,081	208	40,896	44	42,463	46	116	80
Lorain - Elyria	274.0	.1116	2.84	12,349	119,321	105,164	250	46,203	44	47,981	46	75	100
Mansfield	129.3	.0526	2.67	11,912	64,817	59,379	158	26,089	44	27,090	46	97	82
Parkersburg - Marietta	157.7	.0642	2.65	10,663	81,270	74,591	166	37,466	50	29,552	40	96	90
Steubenville - Weirton	152.6	.0622	2.67	10,711	64,297	57,217	166	28,244	49	23,136	40	66	81
Toledo	615.6	.2505	2.65	13,300	483,905	445,868	755	167,639	38	226,214	51	112	91
Youngstown - Warren	512.0	.2085	2.68	12,107	275,473	248,766	558	117,128	47	105,472	42	97	83
Non-Metro Portion of State	2,319.7	.9444	2.76	10,720	871,965	816,306	2,536	374,942	46	336,258	41	81	73
State Total	**10,834.9**	**4.4112**	**2.67**	**12,501**	**6,483,849**	**5,980,791**	**12,274**	**2,546,517**	**43**	**2,775,011**	**46**	**103**	**92**
OKLAHOMA													
Enid	63.9	0260	2.57	11,811	37,056	35,384	97	17,179	49	13,013	37	94	62
Lawton	118.6	0483	3.06	10,250	63,507	60,090	122	29,175	49	22,102	37	96	83

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METRO REPORT

STATE Metro Name	12/31/87 Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	1987 Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Oklahoma City	989.1	.4027	2.61	11,958	777,823	754,130	1,519	347,642	46	290,653	39	121	73
Tulsa	749.2	.3049	2.60	11,656	439,628	427,539	963	209,824	49	150,835	35	103	84
Non-Metro Portion of State	1,387.4	.5649	2.66	9,180	493,630	484,234	1,615	243,312	50	176,947	37	68	62
State Total	**3,344.4**	**1.3616**	**2.64**	**10,616**	**1,815,513**	**1,765,189**	**4,346**	**848,984**	**48**	**654,950**	**37**	**95**	**71**
OREGON													
Eugene - Springfield	267.2	.1088	2.54	10,620	156,593	145,487	399	65,519	45	69,975	48	103	71
Medford	143.0	.0582	2.63	9,715	70,434	64,886	207	23,786	37	35,413	55	102	59
Portland	1,169.4	.4762	2.52	12,972	900,542	823,533	1,559	273,923	33	467,883	57	135	97
Salem	265.3	.1080	2.69	9,875	132,140	121,825	333	49,990	41	58,138	48	113	65
Non-Metro Portion of State	893.5	.3637	2.64	9,534	468,605	432,692	1,404	165,586	38	238,781	55	89	58
State Total	**2,738.4**	**1.1149**	**2.58**	**11,151**	**1,728,314**	**1,588,423**	**3,902**	**578,804**	**36**	**870,190**	**55**	**113**	**75**
PENNSYLVANIA													
Allentown - Bethlehem	664.8	.2707	2.61	13,633	359,745	333,734	733	115,759	35	159,985	48	85	94
Altoona	133.9	.0545	2.65	10,880	50,632	46,101	147	16,724	36	22,816	49	61	81
Beaver County	192.9	.0785	2.71	12,220	59,544	49,551	154	21,846	44	23,520	47	42	106
Erie	282.7	.1151	2.73	12,629	150,448	134,750	318	58,188	43	62,239	46	92	94
Harrisburg - Lebanon - Carlisle	584.5	.2379	2.60	13,947	356,669	324,016	649	124,267	38	157,963	49	74	117
Johnstown	256.1	.1042	2.74	9,314	67,531	58,859	225	27,492	47	27,635	47	50	82
Lancaster	395.0	.1608	2.75	13,068	212,922	197,256	412	65,615	33	120,283	61	78	116
Philadelphia	4,855.0	1.9765	2.71	14,612	2,884,739	2,569,835	4,730	873,654	34	1,249,398	49	87	113
Pittsburgh	2,119.1	.8628	2.55	12,979	1,179,129	1,055,886	2,282	355,734	34	544,635	52	88	96
Reading	327.1	.1331	2.58	13,252	199,185	183,382	388	68,458	37	102,047	56	92	90
Scranton - Wilkes-Barre	732.2	.2981	2.62	11,534	366,133	338,503	875	121,399	36	159,214	47	78	94
Sharon	125.5	.0511	2.72	11,452	48,777	43,318	135	15,715	36	21,441	49	80	75
State College	116.9	.0476	2.95	10,576	64,509	61,870	141	22,443	36	30,624	49	109	76
Williamsport	117.9	.0480	2.69	11,424	50,104	43,000	133	15,599	36	21,284	49	61	91
York	400.3	.1629	2.65	13,015	177,019	161,785	427	62,877	39	79,629	49	78	101
Non-Metro Portion of State	1,868.1	.7609	2.71	10,691	634,642	569,348	1,878	223,706	39	255,589	45	65	66
State Total	**11,973.4**	**4.8747**	**2.65**	**12,940**	**6,263,727**	**5,640,770**	**12,575**	**1,994,593**	**35**	**2,769,849**	**49**	**82**	**97**
RHODE ISLAND													
Providence - Pawtucket - Woonsocket	903.7	.3680	2.72	13,321	604,645	552,691	1,157	172,871	31	315,016	57	100	85
Non-Metro Portion of State	86.3	.0351	2.80	15,255	115,823	108,333	147	28,986	27	67,084	62	238	91
State Total	**990.0**	**.4031**	**2.73**	**13,490**	**720,468**	**661,024**	**1,304**	**201,857**	**31**	**382,100**	**58**	**111**	**86**
SOUTH CAROLINA													
Anderson	145.6	.0593	2.66	10,142	59,602	59,396	146	30,285	51	21,505	36	82	91
Charleston	498.9	.2032	2.93	9,786	311,542	298,959	464	143,282	48	98,619	33	103	123
Charlotte - Gastonia - Rock Hill	1,088.1	.4432	2.67	12,350	621,562	607,092	1,213	326,968	54	220,522	36	85	111
Columbia	450.2	.1833	2.77	12,405	267,312	261,232	491	137,328	53	89,002	34	115	107
Florence	121.1	.0493	2.86	8,818	52,239	51,672	132	26,348	51	18,704	36	79	105
Greenville - Spartanburg	619.1	.2519	2.66	10,512	343,404	336,354	701	187,282	56	111,394	33	86	96
Non-Metro Portion of State	1,379.4	.5616	2.83	9,053	610,218	588,767	1,353	262,650	45	252,406	43	79	109
State Total	**3,458.4**	**1.4080**	**2.79**	**10,042**	**1,751,158**	**1,701,034**	**3,468**	**841,421**	**49**	**626,407**	**37**	**87**	**106**
SOUTH DAKOTA													
Rapid City	77.9	.0317	2.61	13,346	62,057	57,626	121	18,894	33	34,064	59	117	90
Sioux Falls	126.5	.0515	2.54	14,770	86,852	76,270	147	26,493	35	44,083	58	111	115
Non-Metro Portion of State	517.5	.2107	2.75	9,981	236,516	197,288	698	65,625	33	118,055	60	85	62
State Total	**721.9**	**.2939**	**2.69**	**11,183**	**385,425**	**331,184**	**966**	**111,012**	**34**	**196,202**	**59**	**94**	**74**

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METRO REPORT

	12/31/87			1987									
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place		Fast Food		Restaurant		RAI	RGI
						Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)		
TENNESSEE													
Chattanooga	434.3	.1768	2.65	10,820	223,645	218,874	492	109,956	50	90,121	41	85	92
Clarksville - Hopkinsville	158.6	.0646	2.99	9,964	69,538	64,512	146	32,645	51	24,940	39	105	88
Jackson	78.6	.0320	2.65	10,911	44,596	42,894	85	21,180	49	18,032	42	101	102
Johnson City - Kingsport - Bristol	451.6	.1839	2.67	10,505	183,427	180,359	402	106,240	59	50,440	28	80	99
Knoxville	601.8	.2449	2.57	11,387	472,545	457,670	740	209,123	46	197,408	43	117	110
Memphis	968.5	.3943	2.78	10,965	532,009	517,668	953	264,351	51	183,287	35	108	123
Nashville	960.9	.3911	2.66	12,901	559,861	547,067	1,099	222,313	41	261,985	48	115	111
Non-Metro Portion of State	1,631.5	.6644	2.72	9,402	414,251	403,869	1,387	200,603	50	170,614	42	59	91
State Total	**4,899.5**	**1.9947**	**2.68**	**10,893**	**2,370,808**	**2,305,944**	**5,015**	**1,090,088**	**47**	**959,872**	**42**	**97**	**104**
TEXAS													
Abilene	126.8	.0516	2.78	10,749	86,384	81,674	167	35,595	44	33,432	41	88	71
Amarillo	197.9	.0805	2.63	12,679	135,865	127,178	310	55,425	44	52,055	41	100	72
Austin	745.1	.3034	2.62	13,167	554,830	507,704	1,025	217,428	43	224,359	44	114	94
Beaumont - Port Arthur	385.5	.1569	2.80	12,275	199,321	182,231	376	79,139	43	76,287	42	71	102
Brazoria	205.2	.0836	3.08	13,396	73,326	70,081	187	37,349	53	24,427	35	49	108
Brownsville - Harlingen	257.9	.1050	3.48	7,326	131,614	122,877	249	53,553	44	50,297	41	78	83
Bryan - College Station	126.1	.0513	2.74	11,817	98,570	90,238	155	39,329	44	36,936	41	105	70
Corpus Christi	369.4	.1504	3.03	10,112	228,825	204,870	428	95,183	46	85,412	42	84	88
Dallas	2,430.2	.9894	2.66	14,492	1,877,601	1,769,688	3,045	710,025	40	756,216	43	112	125
El Paso	570.0	.2321	3.35	8,508	275,417	242,312	497	110,119	45	92,841	38	104	101
Fort Worth - Arlington	1,256.4	.5115	2.72	13,573	821,459	767,851	1,433	348,452	45	298,964	39	93	102
Galveston - Texas City	219.2	.0892	2.76	12,344	154,713	147,165	255	64,139	44	60,238	41	87	98
Houston	3,233.0	1.3163	2.74	13,458	2,327,423	2,164,831	3,608	832,504	38	965,806	45	100	119
Killeen - Temple	245.4	.0999	3.06	10,169	112,101	110,032	224	47,954	44	45,037	41	90	81
Laredo	120.6	.0491	3.75	6,210	67,873	66,237	93	28,869	44	27,110	41	60	110
Longview - Marshall	170.6	.0696	2.76	11,006	108,870	103,328	244	45,029	44	42,295	41	81	66
Lubbock	222.3	.0905	2.81	10,774	137,553	128,255	290	56,196	44	49,722	39	91	83
McAllen - Edinburg - Mission	366.7	.1493	3.65	6,259	138,207	129,846	272	53,577	41	45,151	35	67	85
Midland	116.1	.0472	2.74	14,941	86,156	79,209	142	34,521	44	32,423	41	78	82
Odessa	134.3	.0547	2.76	13,117	138,348	123,707	170	53,912	44	50,639	41	103	83
San Angelo	98.1	.0399	2.75	11,974	74,724	70,635	129	30,785	44	28,914	41	95	69
San Antonio	1,271.5	.5176	2.95	10,720	782,746	724,289	1,532	302,376	42	278,670	38	88	91
Sherman - Denison	98.0	.0399	2.60	11,661	49,951	48,472	122	21,126	44	19,839	41	94	68
Texarkana	121.4	.0494	2.72	10,186	61,540	59,814	126	28,107	47	23,398	39	80	86
Tyler	156.1	.0635	2.74	12,306	71,401	71,228	182	31,043	44	29,155	41	77	69
Victoria	77.1	.0314	2.94	10,976	43,620	38,370	100	16,723	44	15,705	41	66	65
Waco	190.7	.0777	2.74	10,456	102,183	94,984	225	41,395	44	38,881	41	83	80
Wichita Falls	127.8	.0520	2.75	11,087	94,123	88,671	176	38,644	44	36,294	41	109	77
Non-Metro Portion of State	3,287.7	1.3386	2.82	9,397	1,054,546	1,016,778	3,491	537,088	53	400,216	39	54	59
State Total	**16,888.0**	**6.8756**	**2.81**	**11,769**	**10,071,669**	**9,416,387**	**19,209**	**4,036,500**	**43**	**3,915,184**	**42**	**88**	**95**
UTAH													
Provo - Orem	254.1	.1034	3.69	7,432	55,617	54,260	197	24,574	45	25,465	47	54	94
Salt Lake City - Ogden	1,056.4	.4301	3.10	10,646	437,369	423,111	1,049	192,147	45	191,470	45	77	108
Non-Metro Portion of State	401.9	.1636	3.32	8,813	141,126	135,159	458	54,372	40	76,293	56	65	78
State Total	**1,712.4**	**.6971**	**3.23**	**9,739**	**634,112**	**612,530**	**1,704**	**271,093**	**44**	**293,228**	**48**	**72**	**98**
VERMONT													
Burlington	132.5	.0540	2.76	13,687	115,014	109,290	179	29,383	27	66,230	61	105	113
Non-Metro Portion of State	417.8	.1701	2.64	11,124	293,896	270,662	650	73,023	27	164,505	61	89	80
State Total	**550.3**	**.2241**	**2.67**	**11,741**	**408,910**	**379,952**	**829**	**102,406**	**27**	**230,735**	**61**	**93**	**88**
VIRGINIA													
Charlottesville	124.4	.0506	2.65	13,281	80,628	78,883	164	35,268	45	33,418	42	83	102
Danville	112.2	.0456	2.77	10,606	49,895	49,190	125	21,975	45	20,834	42	88	87

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METRO REPORT

	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Lynchburg	149.5	.0609	2.90	11,695	85,934	84,966	161	37,971	45	35,984	42	89	101
Norfolk - Virginia Beach - Newport News	1,337.5	.5446	2.95	12,345	823,954	803,520	1,522	357,926	45	366,107	46	119	106
Richmond - Petersburg	829.4	.3378	2.77	13,459	502,803	494,871	1,008	238,800	48	199,816	40	89	103
Roanoke	229.6	.0935	2.61	12,539	145,076	141,113	290	63,122	45	59,836	42	95	99
Non-Metro Portion of State	1,708.0	.6951	2.91	10,146	615,789	608,064	1,531	304,279	50	215,067	35	66	109
State Total	**5,943.2**	**2.4196**	**2.82**	**13,584**	**3,434,823**	**3,380,410**	**6,374**	**1,470,528**	**44**	**1,449,820**	**43**	**95**	**112**
WASHINGTON													
Bellingham	117.3	.0478	2.58	11,345	81,131	73,832	182	24,838	34	42,105	57	107	65
Bremerton	173.1	.0704	2.69	12,446	89,888	77,963	145	26,226	34	44,462	57	100	98
Olympia	151.5	.0617	2.55	13,243	86,116	80,388	172	27,043	34	45,844	57	81	83
Richland - Kennewick - Pasco	142.4	.0580	2.77	14,393	74,049	66,175	166	22,261	34	37,737	57	76	99
Seattle	1,796.8	.7316	2.48	16,705	1,570,527	1,471,820	2,453	443,320	30	826,660	56	128	101
Spokane	358.5	.1459	2.53	11,237	220,652	206,109	458	79,828	39	109,413	53	102	80
Tacoma	546.9	.2227	2.62	11,092	318,414	292,505	523	108,845	37	167,347	57	107	89
Vancouver	216.6	.0882	2.66	12,235	108,483	96,080	204	39,684	41	51,449	54	100	94
Yakima	185.6	.0755	2.69	10,228	92,954	84,160	202	28,311	34	47,998	57	82	81
Non-Metro Portion of State	860.2	.3502	2.58	11,497	449,209	399,835	1,150	140,546	35	249,067	62	78	68
State Total	**4,548.9**	**1.8520**	**2.56**	**13,650**	**3,091,423**	**2,848,867**	**5,655**	**940,902**	**33**	**1,622,082**	**57**	**107**	**89**

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For information circle number 186

21ST ANNUAL RGI

METRO REPORT

STATE Metro Name	12/31/87 Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	1987 Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
WEST VIRGINIA													
Charleston	267.3	.1088	2.53	12,143	129,655	124,925	291	67,300	54	45,149	36	75	94
Huntington - Ashland	334.0	.1360	2.68	9,954	160,713	155,267	301	100,261	65	41,106	26	90	92
Parkersburg - Marietta	157.7	.0642	2.65	10,663	81,270	74,591	166	37,466	50	29,552	40	96	90
Steubenville - Weirton	152.6	.0622	2.67	10,711	64,297	57,217	166	28,244	49	23,136	40	66	81
Wheeling	176.4	.0719	2.58	10,768	84,322	76,134	183	37,630	49	30,740	40	77	82
Non-Metro Portion of State	1,232.0	.5015	2.71	9,029	355,739	342,609	1,003	191,111	56	121,722	36	53	93
State Total	**1,934.6**	**.7877**	**2.66**	**9,763**	**721,433**	**688,955**	**1,744**	**385,403**	**56**	**237,028**	**34**	**66**	**92**
WISCONSIN													
Appleton - Oshkosh - Neenah	310.5	.1265	2.72	12,821	174,732	147,883	337	55,834	38	75,165	51	110	104
Eau Claire	139.0	.0566	2.77	11,370	88,575	72,384	162	24,936	34	42,091	58	108	84
Green Bay	189.3	.0771	2.69	12,469	130,669	113,925	229	39,155	34	66,111	58	146	98
Janesville - Beloit	138.0	.0562	2.68	12,576	87,144	71,427	182	24,546	34	41,448	58	95	73
Kenosha	120.6	.0491	2.75	15,272	87,457	70,746	131	24,317	34	41,048	58	95	93
La Crosse	95.7	.0390	2.68	12,597	61,704	51,864	139	17,824	34	30,097	58	118	89
Madison	347.1	.1413	2.51	14,337	306,499	264,401	461	96,026	36	157,099	59	147	108
Milwaukee	1,390.9	.5662	2.63	14,193	931,317	810,253	1,588	284,103	35	449,614	55	105	103
Racine	175.1	.0713	2.74	13,422	95,381	82,717	195	28,429	34	47,999	58	89	89
Sheboygan	103.3	.0420	2.71	13,302	50,711	42,555	117	14,628	34	24,691	58	91	89
Wausau	113.1	.0460	2.77	11,703	43,856	38,005	124	13,063	34	22,049	58	71	82
Non-Metro Portion of State	1,624.1	.6612	2.72	10,677	837,541	687,379	2,119	199,360	29	448,464	65	91	68
State Total	**4,836.6**	**1.9691**	**2.68**	**12,595**	**2,950,551**	**2,496,584**	**5,898**	**839,236**	**34**	**1,469,880**	**59**	**104**	**87**
WYOMING													
Casper	70.9	.0288	2.64	12,731	48,057	43,108	98	17,115	40	22,367	52	90	100
Cheyenne	73.7	.0300	2.56	11,745	63,468	58,108	107	22,279	38	29,840	51	139	93
Non-Metro Portion of State	355.8	.1449	2.74	11,888	263,935	218,053	497	84,541	39	113,180	52	87	99
State Total	**500.4**	**.2037**	**2.69**	**11,987**	**375,460**	**319,269**	**702**	**123,935**	**39**	**165,387**	**52**	**94**	**98**
United States Total	**245,622.7**	**100.0000**	**2.70**	**13,040**	**150,555,375**	**140,230,235**	**281,265**	**53,381,896**	**38**	**69,003,643**	**49**	**100**	**100**

21ST ANNUAL RGI

SALES BY AREA OF DOMINANT INFLUENCE, 1987

Covers 212 Major Areas of Dominant Influence for a TV Signal

ADI Name	12/31/87 Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	1987 Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Abilene - Sweetwater	315.7	.1285	2.69	10,076	156,442	148,532	396	70,436	47	59,886	40	71	59
Albany, Ga.	381.2	.1550	2.93	8,660	158,443	153,618	350	85,857	56	53,414	35	75	98
Albany - Schenectady - Troy	1,302.9	.5303	2.67	13,560	661,558	605,663	1,836	189,213	31	346,042	57	65	79
Albuquerque	1,301.1	.5293	2.83	9,818	695,597	649,803	1,529	270,455	42	309,414	48	93	89
Alexandria, La.	261.3	.1065	2.97	8,314	79,601	75,236	181	30,670	41	24,331	32	64	104
Alpena	41.9	.0170	2.67	10,230	13,140	10,148	50	3,907	39	5,627	55	56	66
Amarillo	502.7	.2046	2.71	10,850	271,092	254,658	713	118,964	47	105,492	41	78	63
Anniston	124.9	.0509	2.79	9,445	33,431	32,751	112	18,530	57	10,125	31	78	91
Ardmore - Ada	197.6	.0804	2.65	8,219	67,278	65,888	222	33,174	50	24,115	37	75	62
Atlanta	3,512.8	1.4302	2.71	12,996	2,583,684	2,467,373	4,284	1,177,338	48	949,032	38	119	108

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For more information on Scott Paper circle number 298 →

ADI REPORT

	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Augusta	633.6	.2582	2.87	9,728	220,500	212,788	490	114,806	54	65,746	31	67	114
Austin, Tex.	914.8	.3722	2.62	12,560	636,780	585,012	1,238	258,165	44	254,751	44	106	86
Bakersfield	511.0	.2080	2.84	12,461	314,392	298,132	563	126,705	42	151,711	51	97	89
Baltimore	2,503.1	1.0191	2.75	13,194	1,538,100	1,380,842	2,577	555,546	40	575,271	42	102	109
Bangor	316.4	.1288	2.76	10,515	170,516	167,765	434	63,002	38	89,441	53	78	73
Baton Rouge	768.3	.3131	2.98	10,324	340,765	317,549	639	160,699	51	99,354	31	67	115
Beaumont - Port Arthur	465.1	.1893	2.79	11,797	211,094	194,004	430	85,433	44	80,971	42	65	99
Bend	70.3	.0287	2.65	9,594	36,291	34,222	115	13,081	38	18,867	55	93	62
Billings - Hardin	240.4	.0979	2.58	10,868	143,720	117,272	364	42,152	36	68,172	58	79	77
Biloxi - Gulfport - Pascagoula	314.1	.1279	2.86	10,557	178,458	169,435	331	89,999	53	60,351	36	111	102
Binghamton	434.5	.1769	2.73	12,701	176,841	157,559	439	56,196	36	86,474	55	60	97
Birmingham	1,375.1	.5599	2.67	10,219	517,632	502,255	1,178	272,881	54	161,160	32	82	100
Bluefield - Beckley - Oak Hill	418.4	.1704	2.76	8,831	117,327	115,355	303	63,295	55	40,783	35	50	108
Boise	427.2	.1741	2.76	10,367	232,394	211,389	498	81,156	38	112,937	53	88	96
Boston	5,487.6	2.2342	2.67	16,228	5,185,712	4,884,003	7,419	1,278,234	26	2,811,171	58	137	105
Bowling Green	121.5	.0493	2.78	9,465	64,901	61,764	102	38,052	62	19,282	31	102	108
Bristol - Kingsport - Johnson City	779.0	.3174	2.77	10,010	259,029	254,286	604	143,911	57	77,666	31	69	107
Buffalo	1,685.8	.6864	2.73	12,125	878,936	778,495	2,142	269,656	35	384,404	49	72	76
Burlington - Plattsburgh	713.4	.2905	2.75	11,392	455,999	422,472	1,006	120,459	29	251,847	60	81	86
Butte	128.4	.0523	2.61	10,467	74,542	57,499	208	19,943	35	34,548	60	84	71
Casper - Riverton	127.3	.0518	2.73	11,764	83,671	73,620	174	29,026	39	38,308	52	89	94
Cedar Rapids - Waterloo - Dubuque	846.1	.3440	2.68	12,128	429,312	371,600	1,006	156,761	42	180,963	49	92	80
Charleston, S.C.	623.1	.2538	2.93	9,305	366,425	353,711	558	167,654	47	122,051	35	97	122
Charleston - Huntington	1,348.1	.5491	2.74	9,607	486,890	468,385	1,145	267,534	57	155,155	33	71	90
Charlotte	1,890.9	.7702	2.69	11,526	952,001	933,270	2,068	501,602	54	344,204	37	80	103
Charlottesville	103.8	.0423	2.60	13,758	79,577	77,832	155	34,779	45	32,964	42	89	100
Chattanooga	787.8	.3206	2.71	10,242	349,696	343,680	808	177,687	52	137,421	40	73	95
Cheyenne - Scottsbluff - Sterling	137.1	.0557	2.59	10,994	98,712	90,718	197	34,313	38	47,569	52	110	82
Chicago	8,540.8	3.4774	2.77	14,686	5,411,765	5,060,235	9,274	1,840,744	36	2,581,733	51	120	108
Chico - Redding	396.6	.1614	2.58	11,046	219,314	204,853	518	72,929	36	115,599	56	76	70
Cincinnati	1,999.6	.8142	2.70	12,675	1,260,488	1,158,205	2,203	482,119	42	539,729	47	104	99
Clarksburg - Weston	252.0	.1022	2.66	8,682	82,169	79,116	242	44,255	56	28,176	36	61	77
Cleveland	3,804.2	1.5486	2.66	12,830	2,355,961	2,165,814	4,171	857,016	40	1,083,963	50	102	95
Colorado Springs - Pueblo	610.8	.2489	2.66	11,145	331,659	303,662	751	119,045	39	145,504	48	97	83
Columbia, S.C.	795.2	.3237	2.82	10.717	368,981	361,561	753	182,154	50	132,070	37	97	107
Columbia - Jefferson City	368.7	.1502	2.81	11,133	163,036	153,818	407	70,575	46	67,299	44	89	82
Columbus, Ga.	524.4	.2133	2.81	9,595	198,833	191,164	456	106,436	56	64,957	34	86	95
Columbus - Tupelo	461.1	.1876	2.83	7,891	100,041	96,440	359	53,428	55	31,151	32	45	93
Columbus, Ohio	1,768.4	.7200	2.64	12,219	1,096,034	1,024,641	2,059	482,718	47	431,767	42	113	97
Corpus Christi	535.3	.2179	3.04	9,521	302,807	276,137	619	132,798	48	113,483	41	76	80
Dallas - Ft. Worth	4,447.2	1.8108	2.68	13,532	2,957,510	2,787,759	5,281	1,186,854	43	1,153,940	41	100	109
Davenport - Rock Island - Moline	814.6	.3320	2.63	12,822	438,229	381,895	945	175,334	46	168,285	44	94	81
Dayton	1,309.3	.5327	2.65	12,595	737,514	687,526	1,525	334,764	49	276,399	40	100	88
Denver	2,623.7	1.0683	2.54	13,875	2,082,160	1,931,203	3,590	591,033	31	1,092,833	57	113	98
Des Moines	969.7	.3948	2.54	12,520	540,695	488,221	1,216	206,301	42	229,018	47	83	82
Detroit	4,672.9	1.9027	2.72	13,810	2,977,536	2,747,962	4,973	1,023,544	37	1,381,335	50	111	101
Dothan	294.4	.1200	2.76	8,998	96,393	94,786	242	56,306	59	30,809	33	75	95
Duluth - Superior	453.8	.1847	2.65	11,109	249,424	210,334	629	68,168	32	129,301	61	86	68
El Centro - Yuma	199.6	.0813	3.07	8,946	95,641	86,881	239	32,217	37	49,551	57	72	75
El Paso	725.8	.2955	3.25	8,454	342,446	304,489	660	137,067	45	121,738	40	101	95
Elmira	235.8	.0960	2.76	11,085	101,383	91,001	253	29,459	32	47,500	52	75	85
Erie	423.1	.1723	2.72	11,975	213,092	188,956	485	79,412	42	86,496	46	88	82

ADI REPORT

	12/31/87				1987								
ADI Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Eugene	489.9	.1994	2.61	10,223	266.959	248,177	756	104,770	42	126,589	51	96	63
Eureka	135.5	.0552	2.53	11,790	86,771	79,945	235	29,291	37	48,086	60	75	66
Evansville	706.8	.2876	2.67	11,491	362,412	336,692	710	178,422	53	127,203	38	83	97
Fargo	589.3	.2398	2.76	11,262	282,255	239,897	736	89,011	37	135,004	56	93	72
Flagstaff	92.5	.0377	3.16	9,547	84,398	79,101	145	29,592	37	43,250	55	148	134
Flint - Saginaw - Bay City	1,221.9	.4973	2.80	11,356	692,454	616,759	1,199	253,664	41	299,614	49	107	94
Florence, S.C.	455.3	.1852	2.82	9,169	309,582	293,786	629	135,932	46	121,414	41	105	101
Ft. Myers - Naples	543.2	.2212	2.35	13,252	359,476	341,424	680	125,076	37	192,996	57	69	85
Ft. Smith	415.7	.1693	2.70	9,900	163,532	160,535	492	90,025	56	54,699	34	83	71
Ft. Wayne	629.5	.2562	2.77	11,779	335,156	310,738	751	119,247	38	163,786	53	102	87
Fresno - Visalia	1,255.5	.5112	2.94	11,136	602,276	560,001	1,359	248,594	44	287,825	51	86	82
Gainesville	222.1	.0905	2.62	10,833	139,496	132,358	274	48,224	36	69,260	52	94	96
Glendive	13.5	.0055	2.55	10,546	9,345	8,149	17	2,815	35	4,873	60	85	108
Grand Junction	176.3	.0718	2.68	10,767	102,320	95,675	239	27,341	29	61,123	64	80	108
Grand Rapids - Kalamazoo - Battle Creek	1,691.6	.6888	2.77	12,535	868,820	795,500	1,749	292,841	37	408,532	51	111	98
Great Falls	162.2	.0661	2.61	10,903	82,706	64,129	235	22,833	36	37,783	59	82	71
Green Bay	1,019.8	.4152	2.71	11,618	538,209	459,025	1,199	155,143	34	266,658	58	102	85
Greensboro - Winston-Salem - High Point	1,331.0	.5420	2.63	11,730	784,453	771,219	1,459	374,670	49	280,972	36	102	100
Greenville - New Bern - Washington	620.5	.2529	2.84	9,254	261,511	248,649	597	136,413	55	93,016	37	84	86
Greenville - Spartanburg - Asheville	1,676.1	.6821	2.65	10,237	781,940	766,467	1,805	412,120	54	274,724	36	78	93
Greenwood - Greenville	254.4	.1036	3.08	6,648	66,968	66,654	216	36,405	55	21,403	32	63	79
Hagerstown	114.8	.0467	2.78	10,849	39,582	32,948	111	13,485	41	14,264	43	60	110
Harrisburg - York - Lancaster - Lebanon	1,448.0	.5893	2.66	13,255	766,055	700,807	1,559	259,724	37	365,831	52	76	110
Harrisonburg	102.2	.0416	2.94	9,629	51,744	49,276	113	24,444	50	17,176	35	86	101
Hartford - New Haven	2,407.6	.9802	2.71	16,382	1,838,867	1,696,359	3,053	543,014	32	902,753	53	108	97
Helena	48.0	.0195	2.49	11,791	33,145	25,624	76	8,843	35	15,323	60	84	74
Houston	4,002.1	1.6294	2.77	13,133	2,674,862	2,494,413	4,412	993,191	40	1,094,643	44	93	112
Huntsville - Decatur - Florence	800.0	.3256	2.67	10,547	304,700	296,606	702	167,061	56	98,733	33	92	103
Idaho Falls - Pocatello	316.4	.1290	3.10	9,251	116,002	106,796	316	41,639	39	58,102	54	66	88
Indianapolis	2,235.6	.9104	2.71	12,542	1,396,685	1,308,436	2,709	616,542	47	520,411	40	112	91
Jackson, Miss.	832.2	.3387	2.88	9,113	266,520	260,302	657	135,505	52	90,934	35	73	114
Jackson, Tenn.	167.5	.0682	2.66	9,782	62,241	59,642	166	29,494	49	25,099	42	84	87
Jacksonville	1,191.3	.4849	2.68	11,652	664,186	628,433	1,281	303,563	48	262,008	42	107	117
Johnstown - Altoona	777.3	.3165	2.75	10,179	267,013	240,444	763	95,569	40	114,126	47	62	77
Jonesboro	185.0	.0754	2.67	9,207	67,568	67,068	198	39,951	60	20,791	31	78	70
Joplin - Pittsburg	466.5	.1901	2.60	10,207	171,972	165,884	619	80,455	49	67,453	41	73	58
Kansas City	1,942.7	.7913	2.65	13,640	1,208,457	1,158,576	2,141	525,242	45	515,297	44	111	106
Knoxville	1,136.8	.4628	2.67	10,034	626,165	609,055	1,154	290,528	48	255,383	42	98	105
La Crosse - Eau Claire	453.4	.1846	2.75	11,111	252,301	206,997	551	67,812	33	124,598	60	96	77
Lafayette, Ind.	122.8	.0500	2.84	12,285	80,948	75,196	143	35,247	47	31,544	42	147	101
Lafayette, La.	580.9	.2365	2.92	9,436	258,205	241,394	537	97,565	40	75,888	31	73	91
Lake Charles	216.6	.0881	2.87	10,441	83,364	77,712	183	32,504	42	27,262	35	51	103
Lansing	626.0	.2549	2.82	12,556	348,011	319,193	637	138,775	43	150,781	47	104	102
Laredo	129.2	.0526	3.70	6,184	70,043	68,407	102	30,056	44	27,993	41	59	105
Las Vegas	630.1	.2565	2.46	12,862	477,338	421,134	693	143,142	34	208,200	49	96	562
Laurel - Hattiesburg	253.1	.1029	2.80	8,584	90,465	87,516	265	47,842	55	28,142	32	71	75
Lexington	909.3	.3702	2.75	10,217	472,082	456,941	798	251,301	55	162,139	35	109	110
Lima	113.0	.0460	2.76	11,891	78,462	73,796	150	32,422	44	33,667	46	122	83

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21ST ANNUAL RGI

ADI REPORT

	12/31/87			1987									
ADI Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Lincoln - Hastings - Kearney	658.8	.2681	2.60	11,903	385,294	337,121	782	139,114	41	170,443	51	107	85
Little Rock	1,246.5	.5076	2.72	10,577	487,215	478,601	1,325	265,319	55	161,902	34	73	87
Los Angeles	12,658.6	5.1537	2.79	15,357	9,499,781	9,058,439	14,397	3,141,352	35	5,018,841	55	128	107
Louisville	1,474.2	.6002	2.76	11,337	823,336	774,339	1,324	417,869	54	276,441	36	104	114
Lubbock	393.3	.1604	2.88	9,567	179,648	169,329	476	77,860	46	65,858	39	75	70
Macon	468.2	.1906	2.87	10,663	208,144	201,629	452	108,158	54	72,267	36	76	101
Madison	699.5	.2847	2.58	12,933	518,258	439,168	939	150,549	34	265,980	61	119	88
Mankato	63.9	.0261	2.73	11,124	39,074	33,973	97	11,463	34	19,710	58	88	62
Marquette	157.3	.0641	2.80	9,608	53,275	43,241	174	16,400	38	24,012	56	57	63
McAllen - Brownsville	680.0	.2768	3.60	6,533	275,706	258,431	556	110,173	43	97,714	38	68	83
Medford	352.7	.1434	2.60	9,503	172,749	159,631	531	59,683	37	88,862	56	84	57
Memphis	1,653.7	.6733	2.81	9,710	678,722	658,166	1,484	341,477	52	231,906	35	86	110
Meridian	187.2	.0762	2.78	8,647	54,620	53,539	151	30,252	57	17,055	32	62	95
Miami	3,083.4	1.2553	2.48	14,086	2,542,997	2,384,380	4,031	737,815	31	1,312,229	55	128	109
Milwaukee	2,007.6	.8173	2.66	13,839	1,289,213	1,112,827	2,322	382,256	34	632,603	57	103	98
Minneapolis - St. Paul	3,521.2	1.4336	2.70	14,169	2,315,829	2,086,758	3,981	679,988	33	1,202,067	58	111	106
Minot - Bismarck - Dickinson	395.5	.1611	2.84	11,360	198,349	159,760	465	60,457	38	88,841	56	77	86
Missoula	194.5	.0791	2.55	10,792	94,937	76,421	304	26,431	35	45,792	60	73	63
Mobile - Pensacola	1,125.9	.4584	2.77	10,688	569,630	533,216	1,127	258,029	48	201,898	38	95	100
Monroe - El Dorado	520.4	.2116	2.83	8,298	144,610	137,009	408	59,193	43	42,476	31	53	87
Montgomery - Selma	604.7	.2462	2.80	9,093	214,538	207,923	470	122,055	59	63,131	30	86	109
Nashville	1,870.8	.7615	2.70	11,312	817,233	796,259	1,864	352,089	44	360,252	45	92	104
New Orleans	1,785.5	.7268	2.78	10,604	1,210,513	1,133,106	1,891	423,649	37	456,501	40	92	106
New York	18,608.2	7.5759	2.66	16,677	12,081,350	11,144,475	21,476	2,826,262	25	6,152,591	55	96	103
Norfolk - Portsmouth - Newport News - Hampton	1,610.9	.6557	2.92	11,836	936,618	915,318	1,807	418,544	46	407,524	45	112	103
North Platte	49.3	.0201	2.62	11,681	31,557	28,028	62	11,304	40	14,377	51	113	95
Odessa - Midland	411.5	.1676	2.84	12,120	288,908	264,602	524	121,077	46	107,418	41	77	75
Oklahoma City	1,586.0	.6457	2.62	11,313	1,039,774	1,009,600	2,268	475,192	47	383,899	38	103	70
Omaha	934.9	.3807	2.67	13 302	575,635	505,450	995	211,038	42	254,735	50	104	[illegible]
Orlando - Daytona Beach - Melbourne	2,040.5	.8308	2.52	12,083	1,418,593	1,349,067	2,396	509,659	38	693,511	51	[illegible]	127
Ottumwa - Kirksville	76.1	.0310	2.62	9,627	32,637	29,279	91	13,158	45	13,555	46	79	[illegible]
Paducah - Cape Girardeau - Harrisburg - Marion	865.4	.3522	2.62	9,813	332,188	312,361	914	163,727	52	123,656	40	74	[illegible]
Palm Springs	938.3	.3820	2.72	13,463	553,502	531,241	933	215,060	40	295,504	56	92	96
Panama City	206.9	.0842	2.64	9,051	128,786	121,289	252	44,721	37	63,442	52	126	89
Parkersburg	157.7	.0642	2.65	10,663	81,270	74,591	166	37,466	50	29,552	40	96	90
Peoria	565.4	.2304	2.68	14,169	297,065	268,302	627	112,444	42	134,084	50	95	94
Philadelphia	7,155.2	2.9127	2.70	14,458	4,350,457	3,900,134	7,663	1,333,087	34	1,951,322	50	88	137
Phoenix	2,429.1	.9889	2.59	12,838	1,489,291	1,384,723	2,719	483,748	35	731,134	53	89	108
Pittsburgh	3,127.8	1.2734	2.60	12,361	1,525,282	1,361,725	3,201	488,713	36	677,495	50	79	91
Portland, Ore.	2,091.2	.8514	2.57	11,950	1,391,466	1,271,989	2,747	450,145	35	708,580	56	121	86
Portland - Poland Spring	905.3	.3686	2.63	12,395	690,237	669,737	1,398	228,993	34	381,794	[illegible]	98	83
Presque Isle	86.9	.0354	2.92	9,828	32,994	31,999	83	12,008	38	17,057	53	61	91
Providence - New Bedford	1,497.0	.6095	2.72	13,128	1,071,003	983,004	1,922	322,063	33	545,662	56	92	84
Quincy - Hannibal	323.3	.1314	2.63	10,320	128,864	113,102	345	54,471	48	49,642	44	72	71
Raleigh - Durham	1,801.0	.7331	2.75	11,304	905,759	885,330	1,941	456,936	52	335,786	38	94	100
Rapid City	232.3	.0947	2.74	11,401	126,881	108,082	309	36,968	34	62,829	58	96	76
Reno	394.5	.1607	2.45	13,507	275,723	250,934	526	85,871	34	142,044	57	82	363
Richmond	1,200.2	.4884	2.82	12,363	614,370	605,246	1,306	294,609	49	239,271	40	81	106
Roanoke - Lynchburg	1,003.2	.4086	2.83	10,976	456,648	448,781	1,028	210,483	47	178,484	40	81	107
Rochester, N.Y.	955.6	.3890	2.70	14,727	573,763	528,769	1,125	165,297	31	285,619	54	82	97

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ADI REPORT

ADI Name	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Rochester - Mason City - Austin	371.4	.1513	2.60	12,083	193,021	170,924	462	61,286	36	95,963	56	81	83
Rockford	415.7	.1692	2.66	13,419	207,904	188,242	468	79,217	42	92,461	49	95	89
Roswell	121.9	.0496	2.76	10,865	77,931	72,157	143	32,185	45	33,909	47	76	79
Sacramento - Stockton	2,785.5	1.1344	2.70	13,353	1,789,845	1,666,602	3,495	711,074	43	852,739	51	102	81
St. Joseph	127.0	.0515	2.63	11,196	68,611	63,507	147	28,481	45	27,507	43	79	81
St. Louis	3,037.4	1.2364	2.74	13,079	1,813,109	1,683,429	3,138	773,643	46	674,387	40	103	105
Salinas - Monterey	610.8	.2486	2.91	13,892	406,261	383,120	891	133,292	35	233,493	61	126	88
Salisbury	241.8	.0985	2.68	10,799	229,582	216,761	429	86,772	40	114,943	53	147	79
Salt Lake City	1,888.7	.7690	3.18	9,934	763,705	720,894	1,936	312,050	43	349,883	49	73	103
San Angelo	133.1	.0542	2.77	11,076	86,245	81,825	186	36,721	45	33,322	41	82	62
San Antonio	1,647.2	.6703	2.98	10,157	886,081	822,462	1,907	354,278	43	317,376	39	78	85
San Diego	2,313.9	.9421	2.75	15,431	1,773,375	1,668,967	2,725	578,200	35	930,886	56	132	107
San Francisco	5,594.0	2.2773	2.57	18,129	5,240,337	4,903,023	8.150	1,559,670	32	2,792,029	57	139	101
Santa Barbara - Santa Maria - San Luis Obispo	548.6	.2234	2.66	14,677	486,616	463,056	868	144,793	31	294,703	64	126	85
Sarasota	255.7	.1041	2.21	14,462	219,241	210,935	356	52,580	25	140,020	66	116	80
Savannah	641.1	.2609	2.87	10,148	345,773	329,253	669	168,158	51	124,674	38	93	110
Seattle - Tacoma	3,216.1	1.3093	2.53	14,527	2,394,772	2,216,156	4,128	707,436	32	1,263,176	57	114	91
Shreveport - Texarkana	1,118.1	.4554	2.75	9,905	376,525	362,308	998	176,988	49	138,368	38	62	86
Sioux City	434.9	.1773	2.63	10,397	199,446	169,986	566	70,321	41	85,369	50	79	64

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ADI REPORT

	12/31/87			1987									
						Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Sioux Falls - Mitchell	603.2	.2456	2.67	10,754	309,530	262,434	791	88,909	34	155,058	59	88	71
South Bend - Elkhart	798.0	.3247	2.73	11,607	423,039	391,497	1,028	167,609	43	186,677	48	101	76
Spokane	868.2	.3533	2.63	10,711	420,457	381,057	1,050	144,438	38	212,160	56	78	75
Springfield, Mass.	659.9	.2687	2.70	13,074	475,421	434,006	794	125,529	29	257,038	59	99	88
Springfield, Mo.	790.8	.3220	2.67	9,657	314,751	296,956	974	142,749	48	119,173	40	77	71
Springfield - Decatur - Champaign	885.4	.3604	2.63	12,575	492,140	439,337	926	188,967	43	205,712	47	97	97
Syracuse	947.8	.3860	2.79	13,221	492,977	439,335	1,128	145,641	33	236,904	54	74	89
Tallahassee - Thomasville	510.8	.2078	2.79	9,879	238,822	229,804	479	100,716	44	106,519	46	86	112
Tampa - St. Petersburg	2,745.8	1.1180	2.40	12,413	1,723,700	1,627,029	3,038	622,782	38	808,138	50	93	99
Terre Haute	447.9	.1823	2.63	10,918	187,526	171,224	470	83,906	49	70,709	41	78	76
Toledo	1,103.1	.4491	2.71	12,637	701,879	646,136	1,341	253,960	39	318,023	49	105	83
Topeka	422.0	.1718	2.68	12,461	234,436	215,776	537	108,400	50	87,422	41	96	79
Traverse City - Cadillac	429.6	.1748	2.67	9,576	238,980	209,050	668	80,066	36	115,383	55	88	63
Tucson	768.3	.3128	2.58	11,024	437,678	399,383	859	157,251	39	196,917	49	98	90
Tulsa	1,204.4	.4903	2.62	10,754	585,219	570,545	1,481	281,977	49	203,898	36	92	76
Tuscaloosa	145.9	.0594	2.73	9,553	63,931	60,242	145	34,086	57	18,624	31	76	90
Twin Falls	87.8	.0357	2.86	9,626	41,473	38,371	78	14,931	39	20,935	55	77	97
Tyler - Longview	471.3	.1919	2.78	10,817	224,951	218,596	564	101,154	46	88,490	40	72	68
Utica	382.1	.1556	2.78	11,892	163,976	150,742	485	49,569	33	77,882	52	67	70
Victoria	77.1	.0314	2.94	10,976	43,620	38,370	100	16,723	44	15,705	41	66	65
Waco - Temple	679.6	.2768	2.84	10,366	341,186	323,145	714	143,381	44	131,821	41	86	75
Washington, D.C.	4,371.6	1.7799	2.69	17,293	3,268,176	3,164,045	4,957	1,136,545	36	1,453,076	46	116	126
Watertown - Carthage	234.3	.0954	2.94	9,997	95,224	80,903	298	29,355	36	41,990	52	68	65
Wausau - Rhinelander	442.7	.1803	2.74	11,143	214,012	182,144	566	54,829	30	116,003	64	85	72
West Palm Beach - Ft. Pierce - Vero Beach	1,137.0	.4631	2.36	15,461	838,025	789,610	1,296	225,986	29	495,135	63	100	108
Wheeling - Steubenville	408.6	.1668	2.65	10,383	165,040	151,258	441	73,774	49	61,440	41	72	76
Wichita - Hutchinson	1,123.3	.4571	2.60	13,065	581,893	560,931	1,641	271,124	48	228,853	41	90	71
Wichita Falls - Lawton	442.8	.1802	2.76	10,124	225,395	216,163	538	102,248	47	83,992	39	89	69
Wilkes-Barre - Scranton	1,296.6	.5280	2.63	10,959	546,536	501,644	1,405	189,848	38	228,163	45	68	77
Wilmington	387.2	.1576	2.79	9,191	174,091	170,094	411	90,731	53	63,630	37	84	84
Yakima	469.7	.1913	2.72	11,514	243,465	218,673	563	75,521	35	126,168	58	80	81
Youngstown	748.5	.3048	2.69	11,734	362,074	327,063	820	148,991	46	141,057	43	89	78
Zanesville	84.6	.0344	2.67	10,118	40,410	36,958	107	17,059	46	14,943	40	96	67
Total U.S. ADIs	243,988.2	99.3345	2.70	13,035	148,664,617	138,505,630	279,015	52,833,887	38	68,101,201	49	99	100

TOTAL POPULATION BY MARKET, 1987

Metro Area Name	Population	Rank
Los Angeles - Long Beach	8,544.0	1
New York	8,528.2	2
Chicago	6,177.3	3
Philadelphia	4,855.0	4
Detroit	4,358.9	5
Boston - Lawrence - Salem - Lowell - Brockton	3,718.1	6
Washington	3,624.9	7
Houston	3,233.0	8
Atlanta	2,562.8	9
Nassau - Suffolk	2,561.7	10
St. Louis	2,463.7	11
Dallas	2,430.2	12
Minneapolis - St. Paul	2,336.4	13
Baltimore	2,333.6	14
San Diego	2,313.9	15
Anaheim - Santa Ana	2,230.3	16
Riverside - San Bernardino	2,171.5	17
Pittsburgh	2,119.1	18
Phoenix	1,986.1	19
Tampa - St. Petersburg - Clearwater	1,979.3	20
Oakland	1,978.4	21
Newark	1,902.4	22
Cleveland	1,842.7	23
Miami - Hialeah	1,818.2	24
Seattle	1,796.8	25
Denver	1,675.8	26
San Francisco	1,595.8	27
Kansas City	1,542.7	28
Cincinnati	1,423.6	29
San Jose	1,422.8	30
Milwaukee	1,390.9	31
Sacramento	1,354.6	32
Norfolk - Virginia Beach - Newport News	1,337.5	33
New Orleans	1,337.4	34
Columbus, Ohio	1,314.2	35
Bergen - Passaic	1,302.8	36
San Antonio	1,271.5	37
Fort Worth - Arlington	1,256.4	38
Indianapolis	1,229.0	39
Fort Lauderdale - Hollywood - Pompano Beach	1,190.3	40
Portland, Ore.	1,169.4	41
Hartford - New Britain - Middletown - Bristol	1,104.3	42
Charlotte - Gastonia - Rock Hill	1,088.1	43
Salt Lake City - Ogden	1,056.4	44
Rochester, N.Y.	996.1	45
Oklahoma City	989.1	46
Monmouth - Ocean	970.5	47
Buffalo	970.3	48
Memphis	968.5	49
Louisville	966.1	50
Middlesex - Somerset - Hunterdon	962.4	51
Nashville	960.9	52
Orlando	959.0	53
Dayton - Springfield	935.0	54
Birmingham	928.7	55
Greensboro - Winston-Salem - High Point	914.9	56
Providence - Pawtucket - Woonsocket	903.7	57
Jacksonville, Fla.	890.1	58
Albany - Schenectady - Troy	853.8	59
Honolulu	836.2	60
Bridgeport - Stamford - Norwalk - Danbury	834.9	61
Richmond - Petersburg	829.4	62
West Palm Beach - Boca Raton - Delray Beach	804.0	63
New Haven - Waterbury - Meriden	784.6	64
Tulsa	749.2	65
Austin	745.1	66
Scranton - Wilkes-Barre	732.2	67
Worcester - Fitchburg - Leominster	670.2	68
Raleigh - Durham	667.9	69
Allentown - Bethlehem	664.8	70
Grand Rapids	654.9	71
Syracuse	651.0	72
Akron	648.5	73
Tucson	640.6	74
Oxnard - Ventura	632.3	75
Gary - Hammond	629.0	76
Omaha	621.0	77
Greenville - Spartanburg	619.1	78
Toledo	615.6	79
Las Vegas	610.9	80
Knoxville	601.8	81
Fresno	600.8	82
Springfield, Mass.	591.4	83
Harrisburg - Lebanon - Carlisle	584.5	84
El Paso	570.0	85
Wilmington, Del.	557.1	86
Baton Rouge	553.7	87
Jersey City	552.5	88
Tacoma	546.9	89
Little Rock - North Little Rock	515.3	90
Youngstown - Warren	512.0	91
Bakersfield	511.0	92
Charleston, S.C.	498.9	93
New Bedford - Fall River - Attleboro	495.7	94
Albuquerque	486.5	95
Lake County, Ill.	486.0	96
Mobile	477.6	97
Stockton	454.2	98
Johnson City - Kingsport - Bristol	451.6	99
Columbia, S.C.	450.2	100
Wichita	442.6	101
Flint	440.6	102
Lansing - East Lansing	434.6	103
Chattanooga	434.3	104
Vallejo - Fairfield - Napa	411.5	105
Saginaw - Bay City - Midland	408.5	106
Canton	404.7	107
Jackson, Miss.	402.8	108
York	400.3	109
Augusta	399.5	110
Lancaster	395.0	111
Lakeland - Winter Haven	390.6	112
Colorado Springs	388.3	113
Beaumont - Port Arthur	385.5	114
Des Moines	385.4	115
Joliet	383.8	116
Melbourne - Titusville - Palm Bay	377.6	117
Davenport - Rock Island - Moline	374.0	118
Corpus Christi	369.4	119
McAllen - Edinburg - Mission	366.7	120
Shreveport	365.9	121
Fort Wayne	359.1	122
Santa Rosa - Petaluma	358.7	123
Spokane	358.5	124
Peoria	355.4	125
Aurora - Elgin	354.4	126
Pensacola	349.6	127
Salinas - Seaside - Monterey	348.3	128
Madison	347.1	129
Santa Barbara - Santa Maria - Lompoc	346.7	130
Lexington-Fayette	336.0	131
Daytona Beach	335.4	132
Huntington - Ashland	334.0	133
Modesto	330.5	134
Portsmouth - Dover - Rochester	328.4	135
Reading	327.1	136
Trenton	323.5	137
Manchester - Nashua	322.1	138
Utica - Rome	321.7	139
Appleton - Oshkosh - Neenah	310.5	140
Atlantic City	308.4	141
Montgomery	304.4	142
Visalia - Tulare - Porterville	297.9	143
Fort Myers - Cape Coral	294.6	144
Macon - Warner Robins	287.7	145
Orange County, N.Y.	284.4	146
Rockford	284.2	147
Evansville	283.4	148
Erie	282.7	149
Hamilton - Middletown	275.4	150
Lorain - Elyria	274.0	151
Ann Arbor	272.2	152
Charleston, W.Va.	267.3	153
Eugene - Springfield	267.2	154
Binghamton	267.0	155
Fayetteville, N.C.	265.4	156
Salem, Ore.	265.3	157
Poughkeepsie	260.5	158
Brownsville - Harlingen	257.9	159
Johnstown	256.1	160
Sarasota	255.7	161
Columbus, Ga.	254.3	162
Provo - Orem	254.1	163
New London - Norwich	252.4	164
Duluth	247.6	165
Killeen - Temple	245.4	166
Savannah	241.6	167
South Bend - Mishawaka	241.3	168
Reno	237.6	169
Huntsville	237.4	170
Anchorage	231.1	171
Springfield, Mo.	231.0	172
Portland, Me.	230.8	173
Roanoke	229.6	174
Santa Cruz	229.2	175
Tallahassee	222.9	176
Lubbock	222.3	177
Hickory	222.1	178
Fort Pierce	220.5	179
Kalamazoo	219.7	180
Boulder - Longmont	219.5	181
Galveston - Texas City	219.2	182
Lafayette, La.	218.9	183
Niagara Falls	218.0	184
Vancouver	216.6	185
Lincoln	209.2	186
Biloxi - Gulfport	206.4	187
Brazoria	205.2	188
Gainesville	204.1	189
Boise	204.0	190
Amarillo	197.9	191
Springfield, Ill.	194.0	192
Beaver County, Pa.	192.9	193
Waco	190.7	194
Green Bay	189.3	195
Houma - Thibodaux	187.9	196
Yakima	185.6	197
Fort Collins - Loveland	185.2	198
Bradenton	183.2	199
St. Cloud	181.7	200
Fort Smith	181.4	201
Ocala	179.3	202
Wheeling	176.4	203
Chico	175.1	204
Racine	175.1	204
Lake Charles	173.9	206
Bremerton	173.1	207
Merced	172.4	208
Champaign - Urbana - Rantoul	172.2	209
Asheville	171.8	210
Longview - Marshall	170.6	211
Cedar Rapids	168.4	212
Benton Harbor	166.6	213
Topeka	162.2	214
Muskegon	159.0	215
Clarksville - Hopkinsville	158.6	216
Lima	157.8	217
Parkersburg - Marietta	157.7	218
Tyler	156.1	219
Steubenville - Weirton	152.6	220
Olympia	151.5	221
Fort Walton Beach	150.2	222
Fargo - Moorhead	149.8	223
Waterloo - Cedar Falls	149.7	224
Lynchburg	149.5	225
Elkhart - Goshen	148.0	226
Jackson, Mich.	147.8	227
Athens	146.7	228
Tuscaloosa	145.9	229
Anderson, S.C.	145.6	230
Monroe	144.8	231
Medford	143.0	232
Pittsfield	142.5	233
Richland - Kennewick - Pasco	142.4	234
Florence, Ala.	139.9	235
Vineland - Millville - Bridgeton	139.3	236
Alexandria, La.	139.2	237
Bangor	139.1	238
Eau Claire	139.0	239
Greeley	138.8	240
Battle Creek	138.5	241
Janesville - Beloit	138.0	242
Redding	137.4	243
Joplin	135.7	244
Odessa	134.3	245
Altoona	133.9	246
Terre Haute	133.3	247
Burlington, Vt.	132.5	248
Dothan	132.2	249
Anderson, Ind.	131.2	250
Pascagoula	129.4	251
Mansfield	129.3	252
Panama City	129.0	253
Jacksonville, N.C.	128.2	254
Pueblo	128.2	254
Naples	127.9	256
Wichita Falls	127.8	257
Abilene	126.8	258
Decatur, Ill.	126.5	259
Sioux Falls	126.5	259
Bryan - College Station	126.1	261
Las Cruces	126.0	262
Sharon	125.5	263
Anniston	124.9	264
Bloomington - Normal	124.8	265
Charlottesville	124.4	266
Lafayette - West Lafayette	122.8	267
Texarkana	121.4	268
Florence, S.C.	121.1	269
Muncie	121.0	270
Billings	120.6	271
Kenosha	120.6	271
Laredo	120.6	271
Albany, Ga.	118.7	274
Lawton	118.6	275
Williamsport	117.9	276
Bellingham	117.3	277
Yuba City	117.3	277
Wilmington, N.C.	117.1	279
State College	116.9	280
Sioux City	116.4	281
Midland, Tex.	116.1	282
Glens Falls	115.1	283
Hagerstown	114.8	284
Wausau	113.1	285
Danville, Va.	112.2	286
Columbia, Mo.	110.0	287
Santa Fe	109.6	288
Fayetteville - Springdale	109.1	289
Gadsden	104.1	290
Cumberland	103.8	291
Sheboygan	103.3	292
Burlington, N.C.	102.8	293
Kokomo	102.6	294
Kankakee	102.4	295
Bloomington, Ind.	101.4	296
Lewiston - Auburn	101.0	297
Decatur, Ala.	100.7	298
Rochester, Minn.	98.4	299
San Angelo	98.1	300
Sherman - Denison	98.0	301
La Crosse	95.7	302
Elmira	93.7	303
Bismarck	91.4	304
Dubuque	90.8	305
Pine Bluff	90.0	306
Owensboro	87.8	307
St. Joseph	86.7	308
Iowa City	85.9	309
Great Falls	79.2	310
Jackson, Tenn.	78.6	311
Rapid City	77.9	312
Victoria	77.1	313
Cheyenne	73.7	314
Lawrence, Kans.	73.2	315
Casper	70.9	316
Grand Forks	70.5	317
Enid	63.9	318
Total Above Areas	188,462.2	
Percent of U.S.	76.7283	
United States Total	245,622.7	

EFFECTIVE BUYING INCOME PER CAPITA BY MARKET, 1987

Metro Area Name	EBI	Rank
Bridgeport - Stamford - Norwalk - Danbury	21,485	1
San Francisco	19,853	2
Nassau - Suffolk	19,033	3
Bergen - Passaic	18,777	4
Washington	18,558	5
Middlesex - Somerset - Hunterdon	18,379	6
San Jose	18,370	7
Trenton	17,772	8
Oakland	17,395	9
Lake County, Ill.	17,269	10
Newark	17,188	11
Monmouth - Ocean	17,125	12
Anaheim - Santa Ana	17,064	13
Boston - Lawrence - Salem - Lowell - Brockton	16,944	14
West Palm Beach - Boca Raton - Delray Beach	16,920	15
Hartford - New Britain - Middletown - Bristol	16,831	16
Seattle	16,705	17
New Haven - Waterbury - Meriden	16,336	18
Manchester - Nashua	16,318	19
Santa Rosa - Petaluma	16,230	20
Minneapolis - St. Paul	16,149	21
Oxnard - Ventura	15,854	22
Anchorage	15,790	23
Poughkeepsie	15,767	24
Fort Lauderdale - Hollywood - Pompano Beach	15,743	25
Santa Barbara - Santa Maria - Lompoc	15,703	26
Santa Cruz	15,546	27
San Diego	15,431	28
Lincoln	15,386	29
New York	15,324	30
Kenosha	15,272	31
Rochester, Minn.	15,243	32
Los Angeles - Long Beach	15,217	33
Wichita	15,206	34
Chicago	15,173	35
Topeka	15,060	36
New London - Norwich	15,024	37
Denver	14,979	38
Midland, Tex.	14,941	39
Peoria	14,852	40
Portsmouth - Dover - Rochester	14,839	41
Sacramento	14,817	42
Grand Forks	14,780	43
Sioux Falls	14,770	44
Reno	14,729	45
Omaha	14,703	46
Rochester, N.Y.	14,638	47
Philadelphia	14,612	48
Aurora - Elgin	14,570	49
Kansas City	14,522	50
Dallas	14,492	51
Cedar Rapids	14,491	52
Sarasota	14,462	53
Wilmington, Del.	14,445	54
Richland - Kennewick - Pasco	14,393	55
Des Moines	14,376	56
Madison	14,337	57
Worcester - Fitchburg - Leominster	14,324	58
Albany - Schenectady - Troy	14,248	59
Bloomington - Normal	14,241	60
Kalamazoo	14,236	61
Decatur, Ill.	14,231	62
Milwaukee	14,193	63
Raleigh - Durham	14,156	64
Honolulu	14,046	65
Portland, Me.	14,014	66
Ann Arbor	13,989	67
Atlanta	13,979	68
Davenport - Rock Island - Moline	13,973	69
Santa Fe	13,953	70
Harrisburg - Lebanon - Carlisle	13,947	71
Binghamton	13,895	72
Detroit	13,839	73
Fort Myers - Cape Coral	13,778	74
Syracuse	13,750	75
Waterloo - Cedar Falls	13,748	76
Vallejo - Fairfield - Napa	13,740	77
St. Louis	13,734	78
Boulder - Longmont	13,721	79
Cleveland	13,699	80
Rockford	13,690	81
Burlington, Vt.	13,687	82
Phoenix	13,679	83
Allentown - Bethlehem	13,633	84
Joliet	13,626	85
Huntsville	13,616	86
Iowa City	13,608	87
Pittsfield	13,598	88
Naples	13,580	89
Fort Worth - Arlington	13,573	90
Cincinnati	13,506	91
Richmond - Petersburg	13,459	92
Houston	13,458	93
Racine	13,422	94
Brazoria	13,396	95
Indianapolis	13,392	96
Battle Creek	13,365	97
Rapid City	13,346	98
Grand Rapids	13,322	99
Providence - Pawtucket - Woonsocket	13,321	100
Baltimore	13,319	101
Sheboygan	13,302	102
Toledo	13,300	103
Charlottesville	13,281	104
Orange County, N.Y.	13,263	105
Reading	13,252	106
Olympia	13,243	107
Columbia, Mo.	13,219	108
Riverside - San Bernardino	13,218	109
Kokomo	13,198	110
Austin	13,167	111
Springfield, Mass.	13,135	112
Odessa	13,117	113
Dayton - Springfield	13,108	114
Lancaster	13,068	115
York	13,015	116
Lansing - East Lansing	13,000	117
Miami - Hialeah	12,997	118
Tampa - St. Petersburg - Clearwater	12,986	119
Columbus, Ohio	12,983	120
Pittsburgh	12,979	121
Portland, Ore.	12,972	122
Salinas - Seaside - Monterey	12,957	123
Atlantic City	12,956	124
Las Vegas	12,932	125
Fargo - Moorhead	12,929	126
Nashville	12,901	127
Bradenton	12,898	128
Springfield, Ill.	12,876	129
Akron	12,849	130
Appleton - Oshkosh - Neenah	12,821	131
Fresno	12,808	132
Buffalo	12,769	133
Casper	12,731	134
Orlando	12,724	135
Amarillo	12,679	136
Evansville	12,660	137
Lexington-Fayette	12,633	138
Erie	12,629	139
La Crosse	12,597	140
Janesville - Beloit	12,576	141
Bismarck	12,544	142
Roanoke	12,539	143
Little Rock - North Little Rock	12,527	144
Green Bay	12,469	145
Fort Wayne	12,465	146
Bakersfield	12,461	147
Jersey City	12,457	148
Bremerton	12,446	149
Jacksonville, Fla.	12,408	150
Columbia, S.C.	12,405	151
Champaign - Urbana - Rantoul	12,392	152
New Bedford - Fall River - Attleboro	12,369	153
Charlotte - Gastonia - Rock Hill	12,350	154
Lorain - Elyria	12,349	155
Norfolk - Virginia Beach - Newport News	12,345	156
Galveston - Texas City	12,344	157
Duluth	12,314	158
Tyler	12,306	159
Greensboro - Winston-Salem - High Point	12,292	160
Niagara Falls	12,291	161
Lafayette - West Lafayette	12,285	162
Beaumont - Port Arthur	12,275	163
Daytona Beach	12,254	164
Louisville	12,248	165
Jackson, Mich.	12,244	166
Vancouver	12,235	167
South Bend - Mishawaka	12,234	168
Colorado Springs	12,226	169
Beaver County, Pa.	12,220	170
Boise	12,211	171
Melbourne - Titusville - Palm Bay	12,180	172
Lawrence, Kans.	12,145	173
Charleston, W.Va.	12,143	174
Vineland - Millville - Bridgeton	12,135	175
Youngstown - Warren	12,107	176
Billings	12,093	177
Elkhart - Goshen	12,048	178
San Angelo	11,974	179
Oklahoma City	11,958	180
Saginaw - Bay City - Midland	11,958	180
Mansfield	11,912	182
Modesto	11,856	183
Utica - Rome	11,825	184
Bryan - College Station	11,817	185
Enid	11,811	186
Great Falls	11,798	187
Lima	11,793	188
Fort Pierce	11,792	189
Stockton	11,792	189
Hamilton - Middletown	11,777	191
Cheyenne	11,745	192
Anderson, Ind.	11,717	193
Wausau	11,703	194
Lynchburg	11,695	195
Springfield, Mo.	11,681	196
Sherman - Denison	11,661	197
Tulsa	11,656	198
Glens Falls	11,655	199
Macon - Warner Robins	11,603	200
St. Joseph	11,594	201
Hickory	11,583	202
Fort Collins - Loveland	11,572	203
Terre Haute	11,572	203
Scranton - Wilkes-Barre	11,534	205
Tallahassee	11,531	206
Fort Walton Beach	11,517	207
Bloomington, Ind.	11,501	208
Savannah	11,488	209
Kankakee	11,482	210
Benton Harbor	11,474	211
Pensacola	11,461	212
Tucson	11,461	212
Sharon	11,452	214
Muskegon	11,442	215
Canton	11,441	216
Lewiston - Auburn	11,440	217
Flint	11,424	218
Williamsport	11,424	218
Albuquerque	11,411	220
Knoxville	11,387	221
Burlington, N.C.	11,383	222
Eau Claire	11,370	223
Bellingham	11,345	224
Dubuque	11,338	225
Asheville	11,282	226
Muncie	11,268	227
Elmira	11,263	228
Spokane	11,237	229
Sioux City	11,184	230
Chico	11,170	231
Bangor	11,165	232
Wilmington, N.C.	11,151	233
Gary - Hammond	11,139	234
Lafayette, La.	11,107	235
Yuba City	11,095	236
Tacoma	11,092	237
Wichita Falls	11,087	238
Pascagoula	11,067	239
Longview - Marshall	11,006	240
Redding	10,996	241
New Orleans	10,992	242
Victoria	10,976	243
Shreveport	10,968	244
Gainesville	10,965	245
Memphis	10,965	245
Birmingham	10,950	247
Baton Rouge	10,942	248
Augusta	10,924	249
Fayetteville - Springdale	10,911	250
Jackson, Tenn.	10,911	250
Altoona	10,880	252
Montgomery	10,877	253
Hagerstown	10,849	254
Owensboro	10,832	255
Chattanooga	10,820	256
Lubbock	10,774	257
Wheeling	10,768	258
Lake Charles	10,760	259
Abilene	10,749	260
San Antonio	10,720	261
Steubenville - Weirton	10,711	262
Mobile	10,670	263
Parkersburg - Marietta	10,663	264
Lakeland - Winter Haven	10,660	265
Salt Lake City - Ogden	10,646	266
Jackson, Miss.	10,645	267
Eugene - Springfield	10,620	268
St. Cloud	10,614	269
Danville, Va.	10,606	270
State College	10,576	271
Houma - Thibodaux	10,517	272
Greenville - Spartanburg	10,512	273
Johnson City - Kingsport - Bristol	10,505	274
Fort Smith	10,480	275
Waco	10,456	276
Athens	10,354	277
Greeley	10,269	278
Lawton	10,250	279
Joplin	10,242	280
Yakima	10,228	281
Texarkana	10,186	282
Cumberland	10,185	283
Columbus, Ga.	10,177	284
Killeen - Temple	10,169	285
Anderson, S.C.	10,142	286
Corpus Christi	10,112	287
Biloxi - Gulfport	10,110	288
Clarksville - Hopkinsville	9,964	289
Huntington - Ashland	9,954	290
Fayetteville, N.C.	9,942	291
Decatur, Ala.	9,937	292
Pueblo	9,936	293
Merced	9,932	294
Salem, Ore.	9,875	295
Florence, Ala.	9,797	296
Charleston, S.C.	9,786	297
Albany, Ga.	9,739	298
Medford	9,715	299
Dothan	9,611	300
Pine Bluff	9,606	301
Tuscaloosa	9,553	302
Ocala	9,550	303
Anniston	9,445	304
Alexandria, La.	9,379	305
Johnstown	9,314	306
Monroe	9,268	307
Panama City	9,240	308
Gadsden	9,191	309
Visalia - Tulare - Porterville	8,992	310
Florence, S.C.	8,818	311
Las Cruces	8,598	312
Jacksonville, N.C.	8,528	313
El Paso	8,508	314
Provo - Orem	7,432	315
Brownsville - Harlingen	7,326	316
McAllen - Edinburg - Mission	6,259	317
Laredo	6,210	318
Total Above Areas	13,955	
United States Total	13,040	

EATING PLACE SALES MARKET, 1987

Metro Area Name	Sales	Rank
Los Angeles - Long Beach	6,037,287	1
New York	5,694,131	2
Chicago	3,940,321	3
Boston - Lawrence - Salem - Lowell - Brockton	3,568,746	4
Washington	2,845,196	5
Philadelphia	2,569,835	6
Detroit	2,550,248	7
Houston	2,164,831	8
Atlanta	2,127,610	9
San Francisco	2,084,467	10
Anaheim - Santa Ana	2,061,285	11
Dallas	1,769,688	12
San Diego	1,668,967	13
Minneapolis - St. Paul	1,609,647	14
St. Louis	1,514,605	15
Nassau - Suffolk	1,478,116	16
Seattle	1,471,820	17
Oakland	1,316,954	18
Baltimore	1,312,019	19
Miami - Hialeah	1,266,329	20
Tampa - St. Petersburg - Clearwater	1,258,220	21
Denver	1,249,409	22
Phoenix	1,230,811	23
Cleveland	1,191,079	24
Riverside - San Bernardino	1,180,420	25
San Jose	1,154,555	26
Pittsburgh	1,055,886	27
Fort Lauderdale - Hollywood - Pompano Beach	1,039,830	28
Kansas City	1,014,749	29
Honolulu	992,641	30
Cincinnati	953,657	31
Sacramento	925,228	32
New Orleans	911,940	33
Newark	906,313	34
Columbus, Ohio	877,950	35
Bergen - Passaic	838,044	36
Hartford - New Britain - Middletown - Bristol	834,252	37
Portland, Ore.	823,533	38
Indianapolis	817,117	39
Milwaukee	810,253	40
Norfolk - Virginia Beach - Newport News	803,520	41
Orlando	775,559	42
Fort Worth - Arlington	767,851	43
Oklahoma City	754,130	44
Bridgeport - Stamford - Norwalk - Danbury	731,098	45
San Antonio	724,289	46
West Palm Beach - Boca Raton - Delray Beach	622,958	47
Louisville	615,384	48
Charlotte - Gastonia - Rock Hill	607,092	49
Greensboro - Winston-Salem - High Point	593,810	50
New Haven - Waterbury - Meriden	553,383	51
Providence - Pawtucket - Woonsocket	552,691	52
Nashville	547,067	53
Dayton - Springfield	545,053	54
Rochester, N.Y.	539,182	55
Memphis	517,668	56
Jacksonville, Fla.	510,991	57
Austin	507,704	58
Buffalo	507,363	59
Monmouth - Ocean	501,735	60
Richmond - Petersburg	494,871	61
Middlesex - Somerset - Hunterdon	477,181	62
Knoxville	457,670	63
Toledo	445,868	64
Tulsa	427,539	65
Salt Lake City - Ogden	423,111	66
Las Vegas	416,187	67
Raleigh - Durham	413,270	68
Worcester - Fitchburg - Leominster	407,487	69
Omaha	396,401	70
Akron	395,090	71
Springfield, Mass.	390,615	72
Birmingham	389,700	73
Albany - Schenectady - Troy	386,033	74
Gary - Hammond	371,601	75
Grand Rapids	369,887	76
Tucson	355,176	77
Scranton - Wilkes-Barre	338,503	78
Greenville - Spartanburg	336,354	79
Allentown - Bethlehem	333,734	80
Albuquerque	326,707	81
Harrisburg - Lebanon - Carlisle	324,016	82
Syracuse	320,481	83
Santa Barbara - Santa Maria - Lompoc	309,568	84
New Bedford - Fall River - Attleboro	302,954	85
Atlantic City	299,209	86
Charleston, S.C.	298,959	87
Bakersfield	298,132	88
Oxnard - Ventura	292,699	89
Tacoma	292,505	90
Fresno	286,978	91
Anchorage	284,614	92
Wilmington, Del.	275,583	93
Lexington-Fayette	272,547	94
Wichita	265,429	95
Madison	264,401	96
Columbia, S.C.	261,232	97
Flint	260,682	98
Little Rock - North Little Rock	260,211	99
Baton Rouge	258,425	100
Vallejo - Fairfield - Napa	251,164	101
Lansing - East Lansing	250,582	102
Des Moines	249,274	103
Youngstown - Warren	248,766	104
Manchester - Nashua	246,560	105
Portland, Me.	244,555	106
El Paso	242,312	107
Portsmouth - Dover - Rochester	240,304	108
Stockton	238,261	109
Lake County, Ill.	235,766	110
Saginaw - Bay City - Midland	233,990	111
Mobile	225,782	112
Daytona Beach	224,683	113
Salinas - Seaside - Monterey	223,442	114
Santa Rosa - Petaluma	220,210	115
Colorado Springs	218,934	116
Chattanooga	218,874	117
Canton	216,872	118
Fort Wayne	216,181	119
Davenport - Rock Island - Moline	213,834	120
Sarasota	210,935	121
Spokane	206,109	122
Corpus Christi	204,870	123
Lancaster	197,256	124
Melbourne - Titusville - Palm Bay	194,960	125
Ann Arbor	190,070	126
Fort Myers - Cape Coral	184,580	127
Reading	183,382	128
Beaumont - Port Arthur	182,231	129
Boulder - Longmont	181,891	130
Johnson City - Kingsport - Bristol	180,359	131
Lakeland - Winter Haven	179,490	132
Pensacola	175,481	133
Trenton	175,324	134
Savannah	174,719	135
New London - Norwich	173,447	136
Evansville	171,838	137
Augusta	171,290	138
Aurora - Elgin	171,035	139
Jersey City	170,727	140
Peoria	169,303	141
Reno	169,260	142
Shreveport	168,572	143
Jackson, Miss.	164,621	144
Modesto	162,516	145
York	161,785	146
Lafayette, La.	156,182	147
Huntington - Ashland	155,267	148
South Bend - Mishawaka	150,427	149
Kalamazoo	150,153	150
Santa Cruz	149,834	151
Appleton - Oshkosh - Neenah	147,883	152
Rockford	147,836	153
Galveston - Texas City	147,165	154
Eugene - Springfield	145,487	155
Macon - Warner Robins	143,239	156
Houma - Thibodaux	141,709	157
Roanoke	141,113	158
Joliet	136,498	159
Tallahassee	136,266	160
Duluth	135,499	161
Erie	134,750	162
Montgomery	134,558	163
Fayetteville, N.C.	134,111	164
Bradenton	133,843	165
Springfield, Mo.	133,824	166
Lincoln	132,497	167
Visalia - Tulare - Porterville	130,689	168
Gainesville	130,028	169
McAllen - Edinburg - Mission	129,846	170
Boise	128,990	171
Lubbock	128,255	172
Amarillo	127,178	173
Utica - Rome	127,107	174
Hamilton - Middletown	126,118	175
Biloxi - Gulfport	125,857	176
Charleston, W.Va.	124,925	177
Odessa	123,707	178
Brownsville - Harlingen	122,877	179
Salem, Ore.	121,825	180
Huntsville	121,502	181
Asheville	117,978	182
Springfield, Ill.	115,720	183
Green Bay	113,925	184
Columbus, Ga.	113,878	185
Champaign - Urbana - Rantoul	113,843	186
Hickory	112,090	187
Binghamton	111,867	188
Killeen - Temple	110,032	189
Burlington, Vt.	109,290	190
Naples	108,986	191
Topeka	107,032	192
Poughkeepsie	106,752	193
Lorain - Elyria	105,164	194
Panama City	103,790	195
Longview - Marshall	103,328	196
Fort Walton Beach	102,608	197
Fort Pierce	99,973	198
Chico	97,032	199
Vancouver	96,080	200
Orange County, N.Y.	96,036	201
Waco	94,984	202
Lima	93,081	203
Fort Collins - Loveland	92,295	204
Niagara Falls	91,453	205
Cedar Rapids	90,291	206
Bryan - College Station	90,238	207
Wilmington, N.C.	90,119	208
Pittsfield	89,774	209
Fargo - Moorhead	88,906	210
Wichita Falls	88,671	211
Athens	85,666	212
Lynchburg	84,966	213
Terre Haute	84,437	214
Bangor	84,420	215
Muncie	84,368	216
Yakima	84,160	217
Racine	82,717	218
Abilene	81,674	219
Elkhart - Goshen	81,090	220
Ocala	80,712	221
Olympia	80,388	222
Fort Smith	80,361	223
Midland, Tex.	79,209	224
Charlottesville	78,883	225
Bremerton	77,963	226
Benton Harbor	77,835	227
Bloomington - Normal	76,790	228
Burlington, N.C.	76,535	229
St. Cloud	76,441	230
Sioux Falls	76,270	231
Wheeling	76,134	232
Lafayette - West Lafayette	75,196	233
Muskegon	74,693	234
Parkersburg - Marietta	74,591	235
Billings	74,556	236
Bellingham	73,832	237
Santa Fe	73,087	238
Merced	72,428	239
Eau Claire	72,384	240
Waterloo - Cedar Falls	72,137	241
Janesville - Beloit	71,427	242
Tyler	71,228	243
Kenosha	70,746	244
San Angelo	70,635	245
Lake Charles	70,361	246
Brazoria	70,081	247
Battle Creek	69,262	248
Monroe	68,790	249
Joplin	68,241	250
Kokomo	67,994	251
Laredo	66,237	252
Richland - Kennewick - Pasco	66,175	253
Redding	65,332	254
Medford	64,886	255
Clarksville - Hopkinsville	64,512	256
Albany, Ga.	63,776	257
Owensboro	63,424	258
Dothan	63,230	259
Anderson, Ind.	62,759	260
State College	61,870	261
Rochester, Minn.	61,656	262
Tuscaloosa	60,242	263
Lawton	60,090	264
Bloomington, Ind.	60,067	265
Texarkana	59,814	266
Anderson, S.C.	59,396	267
Mansfield	59,379	268
Fayetteville - Springdale	58,941	269
Johnstown	58,859	270
Sioux City	58,254	271
Glens Falls	58,214	272
Cheyenne	58,106	273
Rapid City	57,626	274
Columbia, Mo.	57,378	275
Steubenville - Weirton	57,217	276
Kankakee	56,385	277
Yuba City	55,393	278
Pueblo	55,380	279
Decatur, Ill.	55,199	280
Jackson, Mich.	54,924	281
Florence, Ala.	54,827	282
Provo - Orem	54,260	283
Las Cruces	54,205	284
La Crosse	51,864	285
Florence, S.C.	51,672	286
Alexandria, La.	51,565	287
St. Joseph	51,086	288
Greeley	50,756	289
Lewiston - Auburn	50,431	290
Bismarck	50,220	291
Jacksonville, N.C.	49,724	292
Beaver County, Pa.	49,551	293
Danville, Va.	49,190	294
Pascagoula	48,578	295
Iowa City	48,474	296
Sherman - Denison	48,472	297
Cumberland	46,871	298
Altoona	46,101	299
Lawrence, Kans.	45,610	300
Dubuque	45,188	301
Sharon	43,318	302
Casper	43,108	303
Williamsport	43,000	304
Elmira	42,962	305
Jackson, Tenn.	42,894	306
Sheboygan	42,555	307
Vineland - Millville - Bridgeton	39,170	308
Gadsden	38,603	309
Victoria	38,370	310
Great Falls	38,091	311
Wausau	38,005	312
Decatur, Ala.	36,977	313
Enid	35,384	314
Hagerstown	32,948	315
Anniston	32,751	316
Pine Bluff	30,035	317
Grand Forks	28,202	318
Total Above Areas	118,829,414	
Percent of U.S.	84.7387	
United States Total	140,230,235	

EATING PLACE UNITS BY MARKET, 1987

Metro Area Name	# of Units	Rank
New York	9,961	1
Los Angeles - Long Beach	9,586	2
Chicago	6,756	3
Boston - Lawrence - Salem - Lowell - Brockton	4,878	4
Philadelphia	4,730	5
Detroit	4,603	6
Washington	4,168	7
Houston	3,608	8
Atlanta	3,432	9
Nassau - Suffolk	3,285	10
San Francisco	3,071	11
Dallas	3,045	12
Anaheim - Santa Ana	2,987	13
San Diego	2,725	14
St. Louis	2,632	15
Minneapolis - St. Paul	2,570	16
Seattle	2,453	17
Oakland	2,438	18
Baltimore	2,390	19
Tampa - St. Petersburg - Clearwater	2,331	20
Pittsburgh	2,282	21
Phoenix	2,220	22
Miami - Hialeah	2,219	23
Riverside - San Bernardino	2,095	24
Denver	2,064	25
Cleveland	1,995	26
Newark	1,951	27
San Jose	1,842	28
Sacramento	1,815	29
Kansas City	1,692	30
Cincinnati	1,652	31
Fort Lauderdale - Hollywood - Pompano Beach	1,620	32
Columbus, Ohio	1,605	33
Milwaukee	1,588	34
Portland, Ore.	1,559	35
San Antonio	1,532	36
Norfolk - Virginia Beach - Newport News	1,522	37
Oklahoma City	1,519	38
New Orleans	1,497	39
Bergen - Passaic	1,485	40
Indianapolis	1,458	41
Fort Worth - Arlington	1,433	42
Hartford - New Britain - Middletown - Bristol	1,376	43
Buffalo	1,274	44
Charlotte - Gastonia - Rock Hill	1,213	45
Rochester, N.Y.	1,161	46
Providence - Pawtucket - Woonsocket	1,157	47
Albany - Schenectady - Troy	1,134	48
Honolulu	1,134	48
Orlando	1,131	50
Monmouth - Ocean	1,126	51
Nashville	1,099	52
Dayton - Springfield	1,090	53
Greensboro - Winston-Salem - High Point	1,082	54
Bridgeport - Stamford - Norwalk - Danbury	1,057	55
Salt Lake City - Ogden	1,049	56
New Haven - Waterbury - Meriden	1,045	57
Middlesex - Somerset - Hunterdon	1,026	58
Austin	1,025	59
Richmond - Petersburg	1,008	60
Jacksonville, Fla.	1,001	61
Tulsa	963	62
West Palm Beach - Boca Raton - Delray Beach	960	63
Memphis	953	64
Louisville	948	65
Scranton - Wilkes-Barre	875	66
Raleigh - Durham	849	67
Birmingham	845	68
Worcester - Fitchburg - Leominster	781	69
Syracuse	768	70
Toledo	755	71
Knoxville	740	72
Allentown - Bethlehem	733	73
Akron	726	74
Tucson	722	75
Fresno	717	76
Springfield, Mass.	705	77
Gary - Hammond	704	78
Greenville - Spartanburg	701	79
Atlantic City	677	80
Las Vegas	676	81
Harrisburg - Lebanon - Carlisle	649	82
Grand Rapids	646	83
Wichita	629	84
Omaha	628	85
Albuquerque	625	86
Oxnard - Ventura	624	87
Wilmington, Del.	596	88
Little Rock - North Little Rock	566	89
New Bedford - Fall River - Attleboro	565	90
Bakersfield	563	91
Youngstown - Warren	558	92
Lake County, Ill.	542	93
Tacoma	523	94
Santa Barbara - Santa Maria - Lompoc	512	95
Baton Rouge	509	96
Jersey City	504	97
El Paso	497	98
Canton	493	99
Chattanooga	492	100
Columbia, S.C.	491	101
Salinas - Seaside - Monterey	490	102
Stockton	480	103
Des Moines	479	104
Colorado Springs	471	105
Fort Wayne	470	106
Santa Rosa - Petaluma	468	107
Mobile	467	108
Charleston, S.C.	464	109
Madison	461	110
Spokane	458	111
Portsmouth - Dover - Rochester	457	112
Vallejo - Fairfield - Napa	455	113
Daytona Beach	454	114
Flint	451	115
Lansing - East Lansing	447	116
Melbourne - Titusville - Palm Bay	442	117
Davenport - Rock Island - Moline	441	118
Corpus Christi	428	119
York	427	120
Manchester - Nashua	418	121
Lancaster	412	122
Lexington-Fayette	404	123
Utica - Rome	404	123
Fort Myers - Cape Coral	403	125
Johnson City - Kingsport - Bristol	402	126
Eugene - Springfield	399	127
Reading	388	128
Peoria	381	129
Jackson, Miss.	377	130
Beaumont - Port Arthur	376	131
Trenton	373	132
Lakeland - Winter Haven	367	133
Saginaw - Bay City - Midland	367	133
Santa Cruz	366	135
Modesto	356	136
Sarasota	356	136
Aurora - Elgin	354	138
Augusta	352	139
Shreveport	350	140
Portland, Me.	347	141
Pensacola	339	142
Ann Arbor	338	143
Appleton - Oshkosh - Neenah	337	144
South Bend - Mishawaka	334	145
Salem, Ore.	333	146
Evansville	332	147
Rockford	332	147
Boulder - Longmont	331	149
Joliet	327	150
New London - Norwich	325	151
Orange County, N.Y.	323	152
Duluth	322	153
Anchorage	320	154
Erie	318	155
Visalia - Tulare - Porterville	312	156
Amarillo	310	157
Macon - Warner Robins	310	157
Poughkeepsie	304	159
Huntington - Ashland	301	160
Reno	301	160
Niagara Falls	298	162
Charleston, W.Va.	291	163
Lubbock	290	164
Roanoke	290	164
Savannah	286	166
Springfield, Mo.	285	167
Binghamton	284	168
Kalamazoo	278	169
McAllen - Edinburg - Mission	272	170
Montgomery	271	171
Hickory	268	172
Hamilton - Middletown	266	173
Fayetteville, N.C.	259	174
Galveston - Texas City	255	175
Lorain - Elyria	250	176
Brownsville - Harlingen	249	177
Gainesville	248	178
Fort Smith	244	179
Longview - Marshall	244	179
Boise	241	181
Columbus, Ga.	240	182
Lafayette, La.	240	182
Biloxi - Gulfport	239	184
Tallahassee	237	185
Lincoln	234	186
Glens Falls	233	187
Topeka	231	188
Fort Collins - Loveland	229	189
Green Bay	229	189
Asheville	228	191
Johnstown	225	192
Waco	225	192
Killeen - Temple	224	194
Pittsfield	222	195
Huntsville	218	196
Chico	215	197
Fort Pierce	214	198
Lima	208	199
Medford	207	200
Springfield, Ill.	207	200
Elkhart - Goshen	205	202
Vancouver	204	203
Cedar Rapids	202	204
Yakima	202	204
Billings	201	206
Fort Walton Beach	200	207
Champaign - Urbana - Rantoul	197	208
Provo - Orem	197	208
Racine	195	210
Bradenton	194	211
Redding	193	212
Benton Harbor	191	213
Brazoria	187	214
Ocala	187	214
Wheeling	183	216
Bellingham	182	217
Fargo - Moorhead	182	217
Janesville - Beloit	182	217
Tyler	182	217
Panama City	180	221
Burlington, Vt.	179	222
Joplin	176	223
Wichita Falls	176	223
Battle Creek	174	225
Houma - Thibodaux	174	225
Naples	173	227
Waterloo - Cedar Falls	173	227
Olympia	172	229
St. Cloud	171	230
Odessa	170	231
Santa Fe	169	232
Abilene	167	233
Parkersburg - Marietta	166	234
Richland - Kennewick - Pasco	166	234
Steubenville - Weirton	166	234
Charlottesville	164	237
Monroe	164	237
Pueblo	164	237
Wilmington, N.C.	164	237
Athens	163	241
Eau Claire	162	242
Lynchburg	161	243
Terre Haute	161	243
Merced	160	245
Muncie	160	245
Lake Charles	158	247
Mansfield	158	247
Muskegon	158	247
Bloomington - Normal	156	250
Bryan - College Station	155	251
Beaver County, Pa.	154	252
Bangor	153	253
Fayetteville - Springdale	152	254
Jackson, Mich.	151	255
Altoona	147	256
Sioux Falls	147	256
Anderson, S.C.	146	258
Clarksville - Hopkinsville	146	258
Bremerton	145	260
Tuscaloosa	145	260
Lafayette - West Lafayette	143	262
Kokomo	142	263
Midland, Tex.	142	263
State College	141	265
Anderson, Ind.	140	266
La Crosse	139	267
Sioux City	138	268
Dothan	137	269
Florence, Ala.	136	270
Sharon	135	271
Bloomington, Ind.	133	272
Williamsport	133	272
Florence, S.C.	132	274
Kenosha	131	275
Yuba City	131	275
Cumberland	130	277
Jacksonville, N.C.	130	277
Las Cruces	129	279
San Angelo	129	279
Columbia, Mo.	127	281
Texarkana	126	282
Albany, Ga.	125	283
Danville, Va.	125	283
Decatur, Ill.	125	283
Wausau	124	286
Alexandria, La.	122	287
Lawton	122	287
Sherman - Denison	122	287
Greeley	121	290
Rapid City	121	290
Dubuque	119	292
Vineland - Millville - Bridgeton	118	293
Burlington, N.C.	117	294
Great Falls	117	294
Sheboygan	117	294
Anniston	112	297
Gadsden	112	297
Hagerstown	111	299
Lewiston - Auburn	110	300
Rochester, Minn.	110	300
Owensboro	108	302
Cheyenne	107	303
Pascagoula	107	303
St. Joseph	102	305
Decatur, Ala.	101	306
Elmira	101	306
Kankakee	100	308
Victoria	100	308
Bismarck	98	310
Casper	98	310
Enid	97	312
Laredo	93	313
Iowa City	91	314
Pine Bluff	88	315
Jackson, Tenn.	85	316
Lawrence, Kans.	82	317
Grand Forks	77	318
Total Above Areas	218,498	
Percent of U.S.	77.6840	
United States Total	*281,265*	

For more information on U.S. West (Sectional) circle number 36→

FAST FOOD SALES BY MARKET, 1987

Metro Area Name	Sales	Rank
Los Angeles - Long Beach	2,007,229	1
Chicago	1,371,103	2
New York	1,293,811	3
Washington	986,101	4
Atlanta	982,351	5
Detroit	947,123	6
Boston - Lawrence - Salem - Lowell - Brockton	[illegible]	7
Philadelphia	873,654	8
Houston	832,504	9
Anaheim - Santa Ana	714,543	10
Dallas	710,025	11
St. Louis	691,096	12
San Diego	578,200	13
Baltimore	527,257	14
Minneapolis - St. Paul	523,809	15
Riverside - San Bernardino	522,930	16
Oakland	505,342	17
San Francisco	475,292	18
Tampa - St. Petersburg - Clearwater	460,428	19
Kansas City	455,812	20
Cleveland	449,378	21
San Jose	446,060	22
Seattle	443,320	23
Phoenix	426,159	24
Columbus, Ohio	414,714	25
Nassau - Suffolk	414,103	26
Miami - Hialeah	410,949	27
Cincinnati	385,491	28
Sacramento	384,313	29
Indianapolis	377,408	30
Denver	374,478	31
Norfolk - Virginia Beach - Newport News	357,926	32
Pittsburgh	355,734	33
Fort Worth - Arlington	348,452	34
Oklahoma City	347,642	35
New Orleans	338,479	36
Honolulu	337,376	37
Charlotte - Gastonia - Rock Hill	326,968	38
Louisville	326,908	39
San Antonio	302,376	40
Fort Lauderdale - Hollywood - Pompano Beach	294,634	41
Orlando	292,192	42
Milwaukee	284,103	43
Greensboro - Winston-Salem - High Point	279,275	44
Portland, Ore.	273,923	45
Dayton - Springfield	266,218	46
Memphis	264,351	47
Hartford - New Britain - Middletown - Bristol	259,270	48
Newark	254,677	49
Jacksonville, Fla	242,652	50
Richmond - Petersburg	238,800	51
Nashville	222,313	52
Austin	217,428	53
Bergen - Passaic	213,408	54
Tulsa	209,824	55
Knoxville	209,123	56
Birmingham	204,658	57
Raleigh - Durham	199,883	58
Salt Lake City - Ogden	192,147	59
Greenville - Spartanburg	187,282	60
New Haven - Waterbury - Meriden	184,959	61
Bridgeport - Stamford - Norwalk - Danbury	182,021	62
Gary - Hammond	174,698	63
Providence - Pawtucket - Woonsocket	172,871	64
Buffalo	171,679	65
Rochester, N.Y.	168,961	66
Toledo	167,639	67
Omaha	166,003	68
West Palm Beach - Boca Raton - Delray Beach	157,318	69
Monmouth - Ocean	154,185	70
Akron	152,076	71
Charleston, S.C.	143,282	72
Las Vegas	141,450	73
Tucson	140,710	74
Middlesex - Somerset - Hunterdon	140,662	75
Baton Rouge	138,200	76
Columbia, S.C.	137,328	77
Lexington-Fayette	137,301	78
Little Rock - North Little Rock	135,676	79
Albuquerque	131,580	80
Fresno	128,447	81
Bakersfield	126,705	82
Grand Rapids	126,361	83
Albany - Schenectady - Troy	124,895	84
Harrisburg - Lebanon - Carlisle	124,267	85
Wichita	121,606	86
Scranton - Wilkes-Barre	121,399	87
Wilmington, Del.	118,321	88
Youngstown - Warren	117,128	89
Mobile	116,779	90
Stockton	116,135	91
Allentown - Bethlehem	115,759	92
New Bedford - Fall River - Attleboro	114,820	93
Springfield, Mass.	113,276	94
Flint	112,652	95
Lansing - East Lansing	112,310	96
El Paso	110,119	97
Chattanooga	109,956	98
Tacoma	108,845	99
Des Moines	107,383	100
Worcester - Fitchburg - Leominster	107,181	101
Johnson City - Kingsport - Bristol	106,240	102
Oxnard - Ventura	105,119	103
Vallejo - Fairfield - Napa	102,966	104
Syracuse	102,447	105
Huntington - Ashland	100,261	106
Davenport - Rock Island - Moline	98,580	107
Madison	96,026	108
Corpus Christi	95,183	109
Colorado Springs	92,806	110
Augusta	91,831	111
Canton	91,763	112
Lakeland - Winter Haven	91,247	113
Saginaw - Bay City - Midland	90,305	114
Atlantic City	90,125	115
Savannah	89,022	116
Santa Barbara - Santa Maria - Lompoc	88,556	117
Anchorage	87,358	118
Evansville	87,312	119
Pensacola	86,097	120
Santa Rosa - Petaluma	83,434	121
Daytona Beach	83,043	122
Jackson, Miss.	82,793	123
Shreveport	81,616	124
Spokane	79,828	125
Lake County, Ill.	79,578	126
Beaumont - Port Arthur	79,139	127
Portland, Me.	79,100	128
Modesto	78,641	129
Fort Wayne	76,148	130
Montgomery	76,132	131
Melbourne - Titusville - Palm Bay	75,146	132
Manchester - Nashua	74,342	133
Macon - Warner Robins	73,499	134
Ann Arbor	73,480	135
Peoria	71,217	136
Fayetteville, N.C.	70,213	137
Salinas - Seaside - Monterey	68,884	138
Reading	68,458	139
Portsmouth - Dover - Rochester	68,088	140
Visalia - Tulare - Porterville	67,980	141
Charleston, W.Va.	67,300	142
Biloxi - Gulfport	66,817	143
Lafayette, La.	65,701	144
Huntsville	65,650	145
Lancaster	65,615	146
Eugene - Springfield	65,519	147
Galveston - Texas City	64,139	148
Roanoke	63,122	149
York	62,877	150
Aurora - Elgin	62,786	151
Springfield, Mo.	62,531	152
Asheville	61,770	153
Santa Cruz	60,801	154
Fort Myers - Cape Coral	60,416	155
South Bend - Mishawaka	60,190	156
Hickory	59,486	157
Kalamazoo	59,312	158
Rockford	59,070	159
Boulder - Longmont	58,982	160
New London - Norwich	58,834	161
Columbus, Ga.	58,798	162
Erie	58,188	163
Reno	57,566	164
Jersey City	56,595	165
Lubbock	56,196	166
Appleton - Oshkosh - Neenah	55,834	167
Joliet	55,651	168
Lincoln	55,573	169
Amarillo	55,425	170
Hamilton - Middletown	55,412	171
Odessa	53,912	172
McAllen - Edinburg - Mission	53,577	173
Brownsville - Harlingen	53,553	174
Topeka	53,276	175
Houma - Thibodaux	52,946	176
Sarasota	52,580	177
Trenton	51,475	178
Salem, Ore.	49,990	179
Tallahassee	49,359	180
Boise	49,149	181
Bradenton	48,184	182
Killeen - Temple	47,954	183
Gainesville	47,193	184
Wilmington, N.C.	47,184	185
Lorain - Elyria	46,203	186
Springfield, Ill.	45,307	187
Longview - Marshall	45,029	188
Naples	44,911	189
Fort Smith	44,861	190
Champaign - Urbana - Rantoul	44,561	191
Duluth	43,894	192
Athens	43,719	193
Waco	41,395	194
Fort Pierce	41,188	195
Utica - Rome	40,997	196
Lima	40,896	197
Burlington, N.C.	40,067	198
Vancouver	39,684	199
Terre Haute	39,581	200
Muncie	39,550	201
Dothan	39,432	202
Bryan - College Station	39,329	203
Binghamton	39,243	204
Green Bay	39,155	205
Cedar Rapids	38,976	206
Wichita Falls	38,644	207
Elkhart - Goshen	38,008	208
Lynchburg	37,971	209
Wheeling	37,630	210
Parkersburg - Marietta	37,466	211
Panama City	37,365	212
Brazoria	37,349	213
Fort Walton Beach	35,944	214
Abilene	35,595	215
Charlottesville	35,268	216
Lafayette - West Lafayette	35,247	217
Owensboro	35,221	218
Midland, Tex.	34,521	219
Fargo - Moorhead	34,390	220
Chico	34,266	221
Tuscaloosa	34,086	222
Orange County, N.Y.	33,694	223
Fayetteville - Springdale	33,116	224
Clarksville - Hopkinsville	32,645	225
Santa Fe	32,605	226
Albany, Ga.	32,503	227
Niagara Falls	32,373	228
Kokomo	31,875	229
Bangor	31,694	230
Tyler	31,043	231
Florence, Ala.	31,025	232
Waterloo - Cedar Falls	31,005	233
San Angelo	30,785	234
Anderson, S.C.	30,285	235
Joplin	30,260	236
Benton Harbor	30,094	237
Bloomington - Normal	30,059	238
Lake Charles	29,752	239
Fort Collins - Loveland	29,578	240
Anderson, Ind.	29,416	241
Burlington, Vt.	29,383	242
Lawton	29,175	243
Monroe	29,084	244
Poughkeepsie	29,069	245
Ocala	29,058	246
Muskegon	28,877	247
Laredo	28,869	248
Racine	28,429	249
Yakima	28,311	250
Steubenville - Weirton	28,244	251
Bloomington, Ind.	28,157	252
Texarkana	28,107	253
Johnstown	27,492	254
Olympia	27,043	255
Billings	26,851	256
Battle Creek	26,777	257
Merced	26,536	258
Sioux Falls	26,493	259
Florence, S.C.	26,348	260
Bremerton	26,226	261
Mansfield	26,089	262
Jacksonville, N.C.	26,034	263
Pascagoula	25,789	264
St. Cloud	25,486	265
Columbia, Mo.	25,442	266
Pittsfield	25,351	267
Sioux City	25,057	268
Eau Claire	24,936	269
Bellingham	24,838	270
Provo - Orem	24,574	271
Janesville - Beloit	24,546	272
Kenosha	24,317	273
Medford	23,786	274
Redding	23,072	275
Decatur, Ala.	23,056	276
Las Cruces	22,991	277
Lawrence, Kans.	22,701	278
St. Joseph	22,651	279
State College	22,443	280
Cheyenne	22,279	281
Richland - Kennewick - Pasco	22,261	282
Kankakee	22,073	283
Danville, Va.	21,975	284
Beaver County, Pa.	21,846	285
Gadsden	21,840	286
Alexandria, La.	21,805	287
Decatur, Ill.	21,609	288
Jackson, Mich.	21,236	289
Jackson, Tenn.	21,180	290
Sherman - Denison	21,126	291
Iowa City	20,926	292
Rochester, Minn.	20,513	293
Bismarck	20,421	294
Cumberland	19,780	295
Yuba City	19,558	296
Dubuque	19,506	297
Lewiston - Auburn	18,930	298
Rapid City	18,894	299
Anniston	18,530	300
La Crosse	17,824	301
Pueblo	17,748	302
Enid	17,179	303
Casper	17,115	304
Pine Bluff	16,876	305
Altoona	16,724	306
Victoria	16,723	307
Greeley	16,265	308
Glens Falls	15,850	309
Sharon	15,715	310
Williamsport	15,599	311
Sheboygan	14,628	312
Great Falls	13,716	313
Hagerstown	13,485	314
Wausau	13,063	315
Vineland - Millville - Bridgeton	11,804	316
Elmira	11,698	317
Grand Forks	11,468	318
Total Above Areas	43,988,508	
Percent of U.S.	82.4034	
United States Total	53,381,896	

RESTAURANT SALES BY MARKET, 1987

Metro Area Name	Sales	Rank
Los Angeles - Long Beach	3,355,487	1
New York	3,224,691	2
Chicago	2,047,014	3
Boston - Lawrence - Salem - Lowell - Brockton	1,988,249	4
Washington	1,328,956	5
San Francisco	1,294,737	6
Detroit	1,281,783	7
Philadelphia	1,249,398	8
Anaheim - Santa Ana	1,178,749	9
Houston	965,806	10
San Diego	930,886	11
Minneapolis - St. Paul	912,867	12
Atlanta	833,240	13
Seattle	826,660	14
Nassau - Suffolk	765,688	15
Dallas	756,216	16
Oakland	704,171	17
Denver	689,528	18
Miami - Hialeah	649,545	19
Phoenix	646,985	20
Tampa - St. Petersburg - Clearwater	634,606	21
Fort Lauderdale - Hollywood - Pompano Beach	622,702	22
Cleveland	602,252	23
St. Louis	601,225	24
San Jose	599,177	25
Riverside - San Bernardino	597,840	26
Pittsburgh	544,635	27
Baltimore	538,633	28
Honolulu	524,222	29
Sacramento	474,871	30
Portland, Ore.	467,883	31
Bergen - Passaic	457,557	32
Kansas City	454,114	33
Cincinnati	452,805	34
Milwaukee	449,614	35
Newark	444,523	36
Bridgeport - Stamford - Norwalk - Danbury	426,649	37
Hartford - New Britain - Middletown - Bristol	419,243	38
West Palm Beach - Boca Raton - Delray Beach	409,959	39
Orlando	405,569	40
New Orleans	402,868	41
Columbus, Ohio	372,197	42
Norfolk - Virginia Beach - Newport News	366,107	43
Indianapolis	322,334	44
Providence - Pawtucket - Woonsocket	315,016	45
New Haven - Waterbury - Meriden	304,091	46
Fort Worth - Arlington	298,964	47
Monmouth - Ocean	295,866	48
Rochester, N.Y.	291,218	49
Oklahoma City	290,653	50
San Antonio	278,670	51
Middlesex - Somerset - Hunterdon	265,475	52
Nashville	261,985	53
Buffalo	250,267	54
Worcester - Fitchburg - Leominster	236,042	55
Springfield, Mass.	229,941	56
Toledo	226,214	57
Austin	224,359	58
Louisville	221,636	59
Charlotte - Gastonia - Rock Hill	220,522	60
Dayton - Springfield	219,042	61
Albany - Schenectady - Troy	218,562	62
Greensboro - Winston-Salem - High Point	214,868	63
Jacksonville, Fla.	214,447	64
Akron	214,118	65
Las Vegas	205,562	66
Santa Barbara - Santa Maria - Lompoc	202,377	67
Richmond - Petersburg	199,816	68
Omaha	199,010	69
Knoxville	197,408	70
Grand Rapids	197,037	71
Salt Lake City - Ogden	191,470	72
Memphis	183,287	73
Syracuse	175,145	74
Atlantic City	173,553	75
Tucson	172,750	76
Oxnard - Ventura	171,451	77
Tacoma	167,347	78
Gary - Hammond	161,971	79
Allentown - Bethlehem	159,985	80
Raleigh - Durham	159,532	81
Scranton - Wilkes-Barre	159,214	82
Harrisburg - Lebanon - Carlisle	157,963	83
Madison	157,099	84
Albuquerque	152,139	85
Bakersfield	151,711	86
New Bedford - Fall River - Attleboro	151,694	87
Tulsa	150,835	88
Salinas - Seaside - Monterey	148,383	89
Portsmouth - Dover - Rochester	148,281	90
Portland, Me.	146,296	91
Fresno	145,084	92
Manchester - Nashua	144,850	93
Sarasota	140,020	94
Vallejo - Fairfield - Napa	136,841	95
Wilmington, Del.	134,451	96
Lake County, Ill.	130,506	97
Birmingham	127,484	98
Santa Rosa - Petaluma	121,651	99
Fort Wayne	120,631	100
Lancaster	120,283	101
Saginaw - Bay City - Midland	118,982	102
Flint	116,354	103
Lansing - East Lansing	115,703	104
Anchorage	114,888	105
Daytona Beach	113,524	106
Fort Myers - Cape Coral	112,801	107
Stockton	112,743	108
Canton	112,368	109
Greenville - Spartanburg	111,394	110
Wichita	109,471	111
Spokane	109,413	112
Des Moines	108,586	113
Boulder - Longmont	106,512	114
Youngstown - Warren	105,472	115
Lexington-Fayette	104,402	116
Reading	102,047	117
New London - Norwich	101,654	118
Charleston, S.C.	98,619	119
Reno	97,499	120
Colorado Springs	95,822	121
Ann Arbor	95,317	122
Melbourne - Titusville - Palm Bay	94,687	123
Little Rock - North Little Rock	94,027	124
El Paso	92,841	125
Trenton	92,839	126
Davenport - Rock Island - Moline	90,358	127
Chattanooga	90,121	128
Jersey City	89,802	129
Columbia, S.C.	89,002	130
Peoria	86,828	131
Corpus Christi	85,412	132
Baton Rouge	85,220	133
Aurora - Elgin	84,994	134
Duluth	82,868	135
York	79,629	136
Santa Cruz	79,192	137
South Bend - Mishawaka	78,659	138
Beaumont - Port Arthur	76,287	139
Rockford	75,463	140
Mobile	75,205	141
Appleton - Oshkosh - Neenah	75,165	142
Lakeland - Winter Haven	75,018	143
Modesto	73,015	144
Tallahassee	71,279	145
Kalamazoo	70,273	146
Bradenton	70,084	147
Eugene - Springfield	69,975	148
Joliet	68,893	149
Gainesville	67,993	150
Evansville	67,971	151
Boise	67,839	152
Shreveport	66,723	153
Lincoln	66,510	154
Burlington, Vt.	66,230	155
Green Bay	66,111	156
Utica - Rome	65,625	157
Savannah	64,921	158
Pensacola	64,203	159
Binghamton	63,736	160
Erie	62,239	161
Galveston - Texas City	60,238	162
Jackson, Miss.	59,955	163
Roanoke	59,836	164
Salem, Ore.	58,138	165
Poughkeepsie	57,827	166
Hamilton - Middletown	57,542	167
Visalia - Tulare - Porterville	57,098	168
Springfield, Ill.	57,035	169
Champaign - Urbana - Rantoul	56,106	170
Pittsfield	56,043	171
Lafayette, La.	55,802	172
Naples	55,707	173
Panama City	54,350	174
Chico	53,791	175
Fort Walton Beach	53,730	176
Macon - Warner Robins	52,945	177
Orange County, N.Y.	52,184	178
Amarillo	52,055	179
Vancouver	51,449	180
Fort Collins - Loveland	51,229	181
Springfield, Mo.	51,194	182
Fort Pierce	51,098	183
Odessa	50,639	184
Augusta	50,464	185
Johnson City - Kingsport - Bristol	50,440	186
Brownsville - Harlingen	50,297	187
Fayetteville, N.C.	50,144	188
Lubbock	49,722	189
Fargo - Moorhead	48,472	190
Racine	47,999	191
Yakima	47,998	192
Lorain - Elyria	47,981	193
Olympia	45,844	194
McAllen - Edinburg - Mission	45,151	195
Charleston, W.Va.	45,149	196
Killeen - Temple	45,037	197
Bangor	44,998	198
Biloxi - Gulfport	44,806	199
Bremerton	44,462	200
St. Cloud	44,150	201
Asheville	44,111	202
Sioux Falls	44,083	203
Merced	43,568	204
Topeka	43,432	205
Billings	43,080	206
Huntsville	42,982	207
Lima	42,463	208
Cedar Rapids	42,424	209
Longview - Marshall	42,295	210
Ocala	42,264	211
Bellingham	42,105	212
Eau Claire	42,091	213
Niagara Falls	41,912	214
Hickory	41,897	215
Montgomery	41,595	216
Columbus, Ga.	41,497	217
Janesville - Beloit	41,448	218
Huntington - Ashland	41,106	219
Kenosha	41,048	220
Benton Harbor	39,030	221
Waco	38,881	222
Bloomington - Normal	37,844	223
Richland - Kennewick - Pasco	37,737	224
Muskegon	37,457	225
Bryan - College Station	36,936	226
Wichita Falls	36,294	227
Redding	36,217	228
Lynchburg	35,984	229
Rochester, Minn.	35,537	230
Terre Haute	35,420	231
Medford	35,413	232
Muncie	35,393	233
Battle Creek	34,731	234
Santa Fe	34,355	235
Waterloo - Cedar Falls	34,108	236
Rapid City	34,064	237
Elkhart - Goshen	34,019	238
Wilmington, N.C.	33,693	239
Abilene	33,432	240
Charlottesville	33,418	241
Houma - Thibodaux	33,376	242
Midland, Tex.	32,423	243
Athens	31,878	244
Lafayette - West Lafayette	31,544	245
Glens Falls	31,534	246
Wheeling	30,740	247
Pueblo	30,738	248
Yuba City	30,707	249
State College	30,624	250
La Crosse	30,097	251
Cheyenne	29,840	252
Parkersburg - Marietta	29,552	253
Joplin	29,414	254
Tyler	29,155	255
San Angelo	28,914	256
Burlington, N.C.	28,614	257
Kokomo	28,518	258
Greeley	28,173	259
Kankakee	27,786	260
Johnstown	27,635	261
Fort Smith	27,621	262
Sioux City	27,605	263
Jackson, Mich.	27,542	264
Decatur, Ill.	27,203	265
Laredo	27,110	266
Mansfield	27,090	267
Lewiston - Auburn	26,881	268
Bismarck	26,804	269
Anderson, Ind.	26,330	270
Lake Charles	25,531	271
Provo - Orem	25,465	272
Las Cruces	25,357	273
Bloomington, Ind.	25,196	274
Monroe	24,963	275
Clarksville - Hopkinsville	24,940	276
Columbia, Mo.	24,730	277
Sheboygan	24,691	278
Brazoria	24,427	279
Albany, Ga.	23,698	280
Beaver County, Pa.	23,520	281
Texarkana	23,398	282
Elmira	23,271	283
Steubenville - Weirton	23,136	284
Altoona	22,816	285
Iowa City	22,776	286
Casper	22,367	287
Lawton	22,102	288
Wausau	22,049	289
St. Joseph	22,020	290
Great Falls	22,010	291
Owensboro	21,874	292
Anderson, S.C.	21,505	293
Sharon	21,441	294
Williamsport	21,284	295
Dubuque	21,230	296
Vineland - Millville - Bridgeton	20,996	297
Danville, Va.	20,834	298
Fayetteville - Springdale	20,190	299
Cumberland	19,961	300
Sherman - Denison	19,839	301
Alexandria, La.	18,712	302
Florence, S.C.	18,704	303
Tuscaloosa	18,624	304
Jacksonville, N.C.	18,591	305
Dothan	18,514	306
Lawrence, Kans.	18,507	307
Jackson, Tenn.	18,032	308
Pascagoula	17,295	309
Florence, Ala.	16,947	310
Victoria	15,705	311
Grand Forks	15,053	312
Hagerstown	14,264	313
Enid	13,013	314
Gadsden	11,933	315
Decatur, Ala.	10,826	316
Pine Bluff	10,288	317
Anniston	10,125	318
Total Above Areas	58,970,789	
Percent of U.S.	85.4603	
United States Total	69,003,643	

RAI BY MARKET, 1987

Metro Area Name	RAI	Rank
Honolulu	240	1
Panama City	185	2
Kalamazoo	182	3
San Francisco	182	3
Lexington-Fayette	155	5
Anchorage	154	6
Boston - Lawrence - Salem - Lowell - Brockton	153	7
Anaheim - Santa Ana	151	8
Ann Arbor	151	8
Salinas - Seaside - Monterey	148	10
Lafayette - West Lafayette	147	11
Madison	147	11
Green Bay	146	13
Fort Lauderdale - Hollywood - Pompano Beach	142	14
San Jose	141	15
Cheyenne	139	16
Portland, Ore.	135	17
Fargo - Moorhead	134	18
Champaign - Urbana - Rantoul	133	19
Biloxi - Gulfport	132	20
New York	132	20
San Diego	132	20
Fort Walton Beach	131	23
Atlanta	130	24
Lincoln	130	24
Savannah	130	24
Flint	129	27
Indianapolis	129	27
Atlantic City	128	29
Grand Rapids	128	29
Lawrence, Kans.	128	29
Los Angeles - Long Beach	128	29
Orlando	128	29
Seattle	128	29
Chicago	127	35
Owensboro	125	36
Bloomington, Ind.	124	37
Santa Barbara - Santa Maria - Lompoc	124	37
Columbus, Ohio	123	39
Minneapolis - St. Paul	122	40
Washington	122	40
Oklahoma City	121	42
Bloomington - Normal	120	43
Omaha	120	43
Worcester - Fitchburg - Leominster	120	43
Jacksonville, Fla.	119	46
Norfolk - Virginia Beach - Newport News	119	46
Houma - Thibodaux	118	48
La Crosse	118	48
Miami - Hialeah	118	48
Albuquerque	117	51
Denver	117	51
Kansas City	117	51
Knoxville	117	51
Louisville	117	51
Rapid City	117	51
Saginaw - Bay City - Midland	117	51
Springfield, Ill.	117	51
Wichita	117	51
Benton Harbor	116	60
Lima	116	60
Santa Fe	116	60
Sarasota	116	60
Tallahassee	116	60
Columbia, S.C.	115	65
Hartford - New Britain - Middletown - Bristol	115	65
Huntsville	115	65
Nashville	115	65
Wilmington, N.C.	115	65
Austin	114	70
Bridgeport - Stamford - Norwalk - Danbury	114	70
Fort Wayne	114	70
Greensboro - Winston-Salem - High Point	114	70
Vallejo - Fairfield - Napa	114	70
Cincinnati	113	75
Davenport - Rock Island - Moline	113	75
Iowa City	113	75
Lafayette, La.	113	75
Muncie	113	75
Oakland	113	75
Salem, Ore.	113	75
Santa Cruz	113	75
South Bend - Mishawaka	113	75
Colorado Springs	112	84
Dallas	112	84
Gary - Hammond	112	84
Terre Haute	112	84
Toledo	112	84
Columbia, Mo.	111	89
Kankakee	111	89
Las Cruces	111	89
Muskegon	111	89
Raleigh - Durham	111	89
Sioux Falls	111	89
West Palm Beach - Boca Raton - Delray Beach	111	89
Appleton - Oshkosh - Neenah	110	96
Bismarck	110	96
Boise	110	96
Detroit	110	96
Cleveland	109	100
St. Louis	109	100
State College	109	100
Wichita Falls	109	100
Bradenton	108	104
Eau Claire	108	104
Great Falls	108	104
Memphis	108	104
New Haven - Waterbury - Meriden	108	104
New London - Norwich	108	104
Sacramento	108	104
Bellingham	107	111
Boulder - Longmont	107	111
Columbus, Ga.	107	111
Daytona Beach	107	111
Lake County, Ill.	107	111
Lansing - East Lansing	107	111
Portland, Me.	107	111
Stockton	107	111
Tacoma	107	111
Topeka	106	120
Waterloo - Cedar Falls	106	120
Akron	105	122
Bryan - College Station	105	122
Burlington, Vt.	105	122
Clarksville - Hopkinsville	105	122
Jackson, Mich.	105	122
Milwaukee	105	122
Tucson	105	122
Baltimore	104	129
Dayton - Springfield	104	129
El Paso	104	129
Evansville	104	129
Florence, Ala.	104	129
Grand Forks	104	129
Kokomo	104	129
Melbourne - Titusville - Palm Bay	104	129
Charleston, S.C.	103	137
Eugene - Springfield	103	137
Fayetteville, N.C.	103	137
Odessa	103	137
Tulsa	103	137
Medford	102	142
Montgomery	102	142
Spokane	102	142
Battle Creek	101	145
Burlington, N.C.	101	145
Dothan	101	145
Jackson, Tenn.	101	145
Springfield, Mo.	101	145
Amarillo	100	150
Asheville	100	150
Athens	100	150
Bremerton	100	150
Houston	100	150
Providence - Pawtucket - Woonsocket	100	150
Rochester, Minn.	100	150
Vancouver	100	150
Aurora - Elgin	99	158
Fort Smith	99	158
Pensacola	99	158
Tampa - St. Petersburg - Clearwater	99	158
Manchester - Nashua	98	162
Springfield, Mass.	98	162
Bakersfield	97	164
Canton	97	164
Cedar Rapids	97	164
Des Moines	97	164
Gainesville	97	164
Las Vegas	97	164
Mansfield	97	164
Naples	97	164
Riverside - San Bernardino	97	164
Youngstown - Warren	97	164
Albany, Ga.	96	174
Dubuque	96	174
Duluth	96	174
Hamilton - Middletown	96	174
Jacksonville, N.C.	96	174
Lawton	96	174
Parkersburg - Marietta	96	174
Rockford	96	174
Santa Rosa - Petaluma	96	174
Billings	95	183
Fort Myers - Cape Coral	95	183
Janesville - Beloit	95	183
Kenosha	95	183
Phoenix	95	183
Roanoke	95	183
San Angelo	95	183
Enid	94	190
Joliet	94	190
New Orleans	94	190
Reno	94	190
Sherman - Denison	94	190
Fort Worth - Arlington	93	195
Fresno	93	195
Jackson, Miss.	93	195
Peoria	93	195
Birmingham	92	199
Erie	92	199
Fayetteville - Springdale	92	199
Reading	92	199
Lubbock	91	203
Sheboygan	91	203
Casper	90	205
Cumberland	90	205
Huntington - Ashland	90	205
Killeen - Temple	90	205
Mobile	90	205
Bangor	89	210
Lynchburg	89	210
Racine	89	210
Richmond - Petersburg	89	210
Wilmington, Del.	89	210
Abilene	88	215
Danville, Va.	88	215
Fort Collins - Loveland	88	215
Joplin	88	215
Pittsburgh	88	215
Portsmouth - Dover - Rochester	88	215
San Antonio	88	215
Sioux City	88	215
Yuba City	88	215
Bergen - Passaic	87	224
Galveston - Texas City	87	224
Hickory	87	224
Little Rock - North Little Rock	87	224
Philadelphia	87	224
St. Cloud	87	224
Greenville - Spartanburg	86	230
Allentown - Bethlehem	85	231
Charlotte - Gastonia - Rock Hill	85	231
Chattanooga	85	231
Decatur, Ala.	85	231
St. Joseph	85	231
Augusta	84	236
Corpus Christi	84	236
Decatur, Ill.	84	236
Elkhart - Goshen	84	236
Merced	84	236
Charlottesville	83	241
Elmira	83	241
Waco	83	241
Anderson, S.C.	82	244
Gadsden	82	244
Macon - Warner Robins	82	244
Monroe	82	244
Oxnard - Ventura	82	244
Rochester, N.Y.	82	244
Yakima	82	244
Longview - Marshall	81	251
Olympia	81	251
Greeley	80	253
Johnson City - Kingsport - Bristol	80	253
Modesto	80	253
Sharon	80	253
Texarkana	80	253
Chico	79	258
Florence, S.C.	79	258
Pueblo	79	258
Shreveport	79	258
Anderson, Ind.	78	262
Anniston	78	262
Brownsville - Harlingen	78	262
Lancaster	78	262
Midland, Tex.	78	262
Scranton - Wilkes-Barre	78	262
York	78	262
Salt Lake City - Ogden	77	269
Tyler	77	269
Wheeling	77	269
Pittsfield	76	272
Richland - Kennewick - Pasco	76	272
Trenton	76	272
Tuscaloosa	76	272
Charleston, W.Va.	75	276
Lorain - Elyria	75	276
Visalia - Tulare - Porterville	75	276
Buffalo	74	279
Harrisburg - Lebanon - Carlisle	74	279
Lakeland - Winter Haven	74	279
Newark	73	282
Monmouth - Ocean	72	283
Syracuse	72	283
Baton Rouge	71	285
Beaumont - Port Arthur	71	285
Nassau - Suffolk	71	285
Ocala	71	285
Redding	71	285
Wausau	71	285
Pascagoula	70	291
Binghamton	68	292
Fort Pierce	68	292
Niagara Falls	68	292
Glens Falls	67	295
McAllen - Edinburg - Mission	67	295
Middlesex - Somerset - Hunterdon	66	297
New Bedford - Fall River - Attleboro	66	297
Steubenville - Weirton	66	297
Utica - Rome	66	297
Victoria	66	297
Alexandria, La.	65	302
Albany - Schenectady - Troy	64	303
Lewiston - Auburn	63	304
Altoona	61	305
Williamsport	61	305
Hagerstown	60	307
Laredo	60	307
Pine Bluff	60	307
Poughkeepsie	58	310
Lake Charles	56	311
Provo - Orem	54	312
Johnstown	50	313
Brazoria	49	314
Jersey City	48	315
Orange County, N.Y.	46	316
Beaver County, Pa.	42	317
Vineland - Millville - Bridgeton	41	318
Total Above Areas	107	
United States Total	100	

RGI BY MARKET, 1987

Metro Area Name	RGI	Rank
Las Vegas	571	1
Reno	416	2
Atlantic City	407	3
Orlando	170	4
Honolulu	165	5
Rochester, Minn.	142	6
Washington	133	7
Bismarck	131	8
Huntsville	130	9
Minneapolis - St. Paul	127	10
Dallas	125	11
Anchorage	123	12
Charleston, S.C.	123	12
Memphis	123	12
Tallahassee	121	15
Grand Rapids	120	16
Iowa City	120	16
Ann Arbor	119	18
Houston	119	18
Miami - Hialeah	119	18
Omaha	119	18
Pascagoula	119	18
Louisville	118	23
Harrisburg - Lebanon - Carlisle	117	24
Kansas City	117	24
Augusta	116	26
Chicago	116	26
Jacksonville, Fla.	116	26
Lancaster	116	26
Newark	116	26
Phoenix	116	26
West Palm Beach - Boca Raton - Delray Beach	116	26
Jackson, Miss.	115	33
Montgomery	115	33
Sioux Falls	115	33
Springfield, Ill.	115	33
Boston - Lawrence - Salem - Lowell - Brockton	114	37
Middlesex - Somerset - Hunterdon	114	37
Burlington, Vt.	113	39
Lexington-Fayette	113	39
Philadelphia	113	39
Atlanta	112	42
Baltimore	112	42
Trenton	112	42
Baton Rouge	111	45
Charlotte - Gastonia - Rock Hill	111	45
Manchester - Nashua	111	45
Nashville	111	45
Saginaw - Bay City - Midland	111	45
San Jose	111	45
Wilmington, Del.	111	45
Denver	110	52
Hagerstown	110	52
Knoxville	110	52
Laredo	110	52
New Orleans	110	52
St. Louis	110	52
Decatur, Ill.	109	58
Lincoln	109	58
Los Angeles - Long Beach	109	58
New York	109	58
Brazoria	108	62
Hartford - New Britain - Middletown - Bristol	108	62
Lafayette, La.	108	62
Lansing - East Lansing	108	62
Madison	108	62
Pensacola	108	62
Salt Lake City - Ogden	108	62
San Francisco	108	62
Anaheim - Santa Ana	107	70
Columbia, S.C.	107	70
Grand Forks	107	70
Lakeland - Winter Haven	107	70
San Diego	107	70
Savannah	107	70
Beaver County, Pa.	106	76
Champaign - Urbana - Rantoul	106	76
Cincinnati	106	76
Jersey City	106	76
Norfolk - Virginia Beach - Newport News	106	76
Salinas - Seaside - Monterey	106	76
Aurora - Elgin	105	82
Bergen - Passaic	105	82
Florence, S.C.	105	82
Indianapolis	105	82
Peoria	105	82
Appleton - Oshkosh - Neenah	104	87
Binghamton	104	87
Birmingham	104	87
Houma - Thibodaux	104	87
Raleigh - Durham	104	87
Bangor	103	92
Cleveland	103	92
Flint	103	92
Milwaukee	103	92
Portland, Me.	103	92
Richmond - Petersburg	103	92
Vineland - Millville - Bridgeton	103	92
Alexandria, La.	102	99
Beaumont - Port Arthur	102	99
Charlottesville	102	99
Columbus, Ohio	102	99
Fort Worth - Arlington	102	99
Gainesville	102	99
Jackson, Tenn.	102	99
Kalamazoo	102	99
Lake Charles	102	99
Little Rock - North Little Rock	102	99
Albany, Ga.	101	109
Bridgeport - Stamford - Norwalk - Danbury	101	109
Des Moines	101	109
El Paso	101	109
Lafayette - West Lafayette	101	109
Lynchburg	101	109
Seattle	101	109
Springfield, Mo.	101	109
York	101	109
Burlington, N.C.	100	118
Casper	100	118
Daytona Beach	100	118
Detroit	100	118
Lorain - Elyria	100	118
Naples	100	118
Oxnard - Ventura	100	118
Albuquerque	99	125
Asheville	99	125
Boise	99	125
Fargo - Moorhead	99	125
Fayetteville, N.C.	99	125
Fort Walton Beach	99	125
Greensboro - Winston-Salem - High Point	99	125
Johnson City - Kingsport - Bristol	99	125
Richland - Kennewick - Pasco	99	125
Roanoke	99	125
Shreveport	99	125
Tampa - St. Petersburg - Clearwater	99	125
Bremerton	98	137
Cedar Rapids	98	137
Evansville	98	137
Fort Lauderdale - Hollywood - Pompano Beach	98	137
Galveston - Texas City	98	137
Green Bay	98	137
Joliet	98	137
Macon - Warner Robins	98	137
Mobile	98	137
Portland, Ore.	97	146
Rochester, N.Y.	97	146
Greenville - Spartanburg	96	148
New London - Norwich	96	148
Panama City	96	148
Pittsburgh	96	148
Athens	95	152
Biloxi - Gulfport	95	152
Columbia, Mo.	95	152
Muskegon	95	152
Riverside - San Bernardino	95	152
Santa Barbara - Santa Maria - Lompoc	95	152
Syracuse	95	152
Allentown - Bethlehem	94	159
Austin	94	159
Charleston, W.Va.	94	159
Dayton - Springfield	94	159
Erie	94	159
Greeley	94	159
Hickory	94	159
Provo - Orem	94	159
Rockford	94	159
Scranton - Wilkes-Barre	94	159
Vancouver	94	159
Akron	93	170
Cheyenne	93	170
Dothan	93	170
Fort Wayne	93	170
Kenosha	93	170
Owensboro	93	170
Poughkeepsie	93	170
St. Joseph	93	170
Chattanooga	92	178
Colorado Springs	92	178
Huntington - Ashland	92	178
Kankakee	92	178
Tucson	92	178
Worcester - Fitchburg - Leominster	92	178
Anderson, S.C.	91	184
Anniston	91	184
Jackson, Mich.	91	184
Lake County, Ill.	91	184
Lawrence, Kans.	91	184
Lewiston - Auburn	91	184
Oakland	91	184
St. Cloud	91	184
San Antonio	91	184
Santa Fe	91	184
Toledo	91	184
Williamsport	91	184
Gary - Hammond	90	196
Parkersburg - Marietta	90	196
Rapid City	90	196
Reading	90	196
Tuscaloosa	90	196
Bakersfield	89	201
Battle Creek	89	201
Bloomington - Normal	89	201
Columbus, Ga.	89	201
Hamilton - Middletown	89	201
La Crosse	89	201
Racine	89	201
Sheboygan	89	201
Springfield, Mass.	89	201
Tacoma	89	201
Vallejo - Fairfield - Napa	89	201
Anderson, Ind.	88	212
Bradenton	88	212
Clarksville - Hopkinsville	88	212
Corpus Christi	88	212
Davenport - Rock Island - Moline	88	212
Decatur, Ala.	88	212
Elmira	88	212
Merced	88	212
Topeka	88	212
Danville, Va.	87	221
Melbourne - Titusville - Palm Bay	87	221
New Haven - Waterbury - Meriden	87	221
Waterloo - Cedar Falls	87	221
Wilmington, N.C.	87	221
Florence, Ala.	86	226
Sacramento	86	226
Texarkana	86	226
Albany - Schenectady - Troy	85	229
McAllen - Edinburg - Mission	85	229
Pine Bluff	85	229
Providence - Pawtucket - Woonsocket	85	229
Terre Haute	85	229
Wichita	85	229
Eau Claire	84	235
Fort Collins - Loveland	84	235
Fort Pierce	84	235
Nassau - Suffolk	84	235
New Bedford - Fall River - Attleboro	84	235
Sioux City	84	235
South Bend - Mishawaka	84	235
Tulsa	84	235
Boulder - Longmont	83	243
Brownsville - Harlingen	83	243
Lawton	83	243
Lubbock	83	243
Odessa	83	243
Olympia	83	243
Portsmouth - Dover - Rochester	83	243
Youngstown - Warren	83	243
Johnstown	82	251
Mansfield	82	251
Midland, Tex.	82	251
Wausau	82	251
Wheeling	82	251
Altoona	81	256
Fort Myers - Cape Coral	81	256
Killeen - Temple	81	256
Monmouth - Ocean	81	256
Santa Rosa - Petaluma	81	256
Steubenville - Weirton	81	256
Stockton	81	256
Visalia - Tulare - Porterville	81	256
Yakima	81	256
Benton Harbor	80	265
Canton	80	265
Cumberland	80	265
Kokomo	80	265
Lima	80	265
Modesto	80	265
Monroe	80	265
Muncie	80	265
Pittsfield	80	265
Sarasota	80	265
Spokane	80	265
Waco	80	265
Bloomington, Ind.	79	277
Elkhart - Goshen	79	277
Buffalo	78	279
Duluth	78	279
Las Cruces	78	279
Orange County, N.Y.	78	279
Dubuque	77	283
Fresno	77	283
Ocala	77	283
Wichita Falls	77	283
Yuba City	77	283
State College	76	288
Billings	75	289
Niagara Falls	75	289
Sharon	75	289
Gadsden	74	292
Fayetteville - Springdale	73	293
Janesville - Beloit	73	293
Oklahoma City	73	293
Amarillo	72	296
Great Falls	72	296
Redding	72	296
Abilene	71	299
Eugene - Springfield	71	299
Pueblo	71	299
Utica - Rome	71	299
Bryan - College Station	70	303
Fort Smith	7	303
Chico	69	305
San Angelo	69	305
Tyler	69	305
Jacksonville, N.C.	68	308
Sherman - Denison	68	308
Joplin	66	310
Longview - Marshall	66	310
Santa Cruz	66	310
Bellingham	65	313
Salem, Ore.	65	313
Victoria	65	313
Enid	62	316
Glens Falls	62	316
Medford	59	318
Total Above Areas	106	
United States Total	100	

POPULATION PER UNIT BY MARKET, 1987

Metro Area Name	Pop. per Unit	Rank
McAllen - Edinburg - Mission	1,348	1
Laredo	1,297	2
Provo - Orem	1,290	3
Beaver County, Pa.	1,253	4
Pascagoula	1,209	5
Bremerton	1,194	6
Vineland - Millville - Bridgeton	1,181	7
Joliet	1,174	8
El Paso	1,147	9
Greeley	1,147	9
Alexandria, La.	1,141	11
Johnstown	1,138	12
Augusta	1,135	13
Johnson City - Kingsport - Bristol	1,123	14
Montgomery	1,123	14
Anniston	1,115	16
Saginaw - Bay City - Midland	1,113	17
Huntington - Ashland	1,110	18
Lake Charles	1,101	19
Birmingham	1,099	20
Brazoria	1,097	21
Jersey City	1,096	22
Killeen - Temple	1,096	22
Lorain - Elyria	1,096	22
Huntsville	1,089	25
Baton Rouge	1,088	26
Clarksville - Hopkinsville	1,086	27
Houma - Thibodaux	1,080	28
Merced	1,078	29
Charleston, S.C.	1,075	30
Jackson, Miss.	1,068	31
Lakeland - Winter Haven	1,064	32
St. Cloud	1,063	33
Vancouver	1,062	34
Columbus, Ga.	1,060	35
Tacoma	1,046	36
Shreveport	1,045	37
Riverside - San Bernardino	1,037	38
Brownsville - Harlingen	1,036	39
Hamilton - Middletown	1,035	40
Hagerstown	1,034	41
Pensacola	1,031	42
Fort Pierce	1,030	43
Florence, Ala.	1,029	44
Philadelphia	1,026	45
Beaumont - Port Arthur	1,025	46
Fayetteville, N.C.	1,025	46
Kankakee	1,024	48
Mobile	1,023	49
Pine Bluff	1,023	49
Louisville	1,019	51
Memphis	1,016	52
Grand Rapids	1,014	53
Oxnard - Ventura	1,013	54
Decatur, Ill.	1,012	55
Salt Lake City - Ogden	1,007	56
Muskegon	1,006	57
Tuscaloosa	1,006	57
Aurora - Elgin	1,001	59
Anderson, S.C.	997	60
Decatur, Ala.	997	60
Omaha	989	62
Jacksonville, N.C.	986	63
Jackson, Mich.	979	64
Flint	977	65
Las Cruces	977	65
Baltimore	976	67
Newark	975	68
Lansing - East Lansing	972	69
Lawton	972	69
Dothan	965	71
Wheeling	964	72
Texarkana	963	73
Lancaster	959	74
Ocala	959	74
Visalia - Tulare - Porterville	955	76
Albany, Ga.	950	77
Parkersburg - Marietta	950	77
Detroit	947	79
Stockton	946	80
Bradenton	944	81
Iowa City	944	81
Tallahassee	941	83
Binghamton	940	84
Middlesex - Somerset - Hunterdon	938	85
Anderson, Ind.	937	86
Springfield, Ill.	937	86
York	937	86
St. Louis	936	89
Wilmington, Del.	935	90
Bismarck	933	91
Peoria	933	91
Sharon	930	93
Gadsden	929	94
Lynchburg	929	94
Pittsburgh	929	94
Elmira	928	97
Macon - Warner Robins	928	97
Modesto	928	97
Jackson, Tenn.	925	100
Cleveland	924	101
Appleton - Oshkosh - Neenah	921	102
Kenosha	921	102
Charleston, W.Va.	919	104
Steubenville - Weirton	919	104
Yakima	919	104
Lewiston - Auburn	918	107
Youngstown - Warren	918	107
Columbia, S.C.	917	109
Florence, S.C.	917	109
Grand Forks	916	111
Chicago	914	112
Kansas City	912	113
Lafayette, La.	912	113
Wausau	912	113
Altoona	911	116
Little Rock - North Little Rock	910	117
Bangor	909	118
Minneapolis - St. Paul	909	118
Bakersfield	908	120
Allentown - Bethlehem	907	121
Las Vegas	904	122
Vallejo - Fairfield - Napa	904	122
Harrisburg - Lebanon - Carlisle	901	124
Athens	900	125
Danville, Va.	898	126
Racine	898	126
Charlotte - Gastonia - Rock Hill	897	128
Lake County, Ill.	897	128
Houston	896	130
Phoenix	895	131
Rochester, Minn.	895	131
Yuba City	895	131
Lincoln	894	134
Akron	893	135
Gary - Hammond	893	135
Lawrence, Kans.	893	135
New Orleans	893	135
Los Angeles - Long Beach	891	139
Erie	889	140
Jacksonville, Fla.	889	140
Tucson	887	142
Williamsport	886	143
Chattanooga	883	144
Greenville - Spartanburg	883	144
Monroe	883	144
Sheboygan	883	144
Olympia	881	148
Orange County, N.Y.	880	149
Burlington, N.C.	879	150
Norfolk - Virginia Beach - Newport News	879	150
Bergen - Passaic	877	152
Fort Worth - Arlington	877	152
New Bedford - Fall River - Attleboro	877	152
Milwaukee	876	155
Champaign - Urbana - Rantoul	874	156
Nashville	874	156
Benton Harbor	872	158
Washington	870	159
Trenton	868	160
Columbia, Mo.	866	161
Watorloo - Cedar Falls	865	162
Biloxi - Gulfport	864	163
Corpus Christi	863	164
Cincinnati	862	165
Monmouth - Ocean	862	165
Sioux Falls	861	167
Galveston - Texas City	860	168
Lafayette - West Lafayette	859	169
Dayton - Springfield	858	170
Eau Claire	858	170
Richland - Kennewick - Pasco	858	170
Rochester, N.Y.	858	170
Tyler	858	170
Worcester - Fitchburg - Leominster	858	170
Poughkeepsie	857	176
New York	856	177
Rockford	856	177
Evansville	854	179
Melbourne - Titusville - Palm Bay	854	179
St. Joseph	850	181
San Diego	849	182
Tampa - St. Petersburg - Clearwater	849	182
Davenport - Rock Island - Moline	848	184
Orlando	848	184
Syracuse	848	184
Waco	848	184
Boise	846	188
Greensboro - Winston-Salem - High Point	846	188
Savannah	845	190
Indianapolis	843	191
Reading	843	191
Sioux City	843	191
Springfield, Mass.	839	194
Fresno	838	195
West Palm Beach - Boca Raton - Delray Beach	838	195
Scranton - Wilkes-Barre	837	197
Cedar Rapids	834	198
Lexington-Fayette	832	199
San Antonio	830	200
Hickory	829	201
State College	829	201
Terre Haute	828	203
Green Bay	827	204
Colorado Springs	824	205
Fargo - Moorhead	823	206
Gainesville	823	206
Richmond - Petersburg	823	206
Canton	821	209
Columbus, Ohio	819	210
Miami - Hialeah	819	210
Mansfield	818	212
Midland, Tex.	818	212
Toledo	815	214
Bryan - College Station	814	215
Chico	814	215
Knoxville	813	217
Owensboro	813	217
Denver	812	219
Oakland	811	220
Springfield, Mo.	811	220
Nassau - Suffolk	810	222
Fort Collins - Loveland	809	223
Ann Arbor	805	224
Des Moines	805	224
Hartford - New Britain - Middletown - Bristol	803	226
Sherman - Denison	803	226
Bloomington - Normal	800	228
Cumberland	798	229
Dallas	798	229
Salem, Ore.	797	231
Battle Creek	796	232
Utica - Rome	796	232
Roanoke	792	234
Bridgeport - Stamford - Norwalk - Danbury	790	235
Kalamazoo	790	235
Odessa	790	235
Reno	789	238
Raleigh - Durham	787	239
Spokane	783	240
Pueblo	782	241
Providence - Pawtucket - Woonsocket	781	242
Albuquerque	778	243
Tulsa	778	243
New London - Norwich	777	245
Atlanta	776	246
San Jose	772	247
Joplin	771	248
Manchester - Nashua	771	248
Victoria	771	248
Duluth	769	251
Lubbock	767	252
Santa Rosa - Petaluma	766	253
Fort Wayne	764	254
Dubuque	763	255
Bloomington, Ind.	762	256
Boston - Lawrence - Salem - Lowell - Brockton	762	256
Buffalo	762	256
San Angelo	760	259
Abilene	759	260
Charlottesville	759	260
Lima	759	260
Janesville - Beloit	758	263
Muncie	756	264
Asheville	754	265
Albany - Schenectady - Troy	753	266
Madison	753	266
Fort Walton Beach	751	268
New Haven - Waterbury - Meriden	751	268
Portland, Ore.	750	270
Anaheim - Santa Ana	747	271
Sacramento	746	272
Fort Smith	743	273
Burlington, Vt.	740	274
Daytona Beach	739	275
Naples	739	275
Honolulu	737	277
Fort Lauderdale - Hollywood - Pompano Beach	735	278
Niagara Falls	732	279
Seattle	732	279
Fort Myers - Cape Coral	731	281
Austin	727	282
Wichita Falls	726	283
Casper	723	284
Kokomo	723	294
Anchorage	722	286
Elkhart - Goshen	722	286
South Bend - Mishawaka	722	286
Portsmouth - Dover - Rochester	719	289
Fayetteville - Springdale	718	290
Sarasota	718	290
Panama City	717	292
Wilmington, N.C.	714	293
Redding	712	294
Salinas - Seaside - Monterey	711	295
Wichita	704	296
Topeka	702	297
Longview - Marshall	699	298
Medford	691	299
Cheyenne	689	300
La Crosse	688	301
Great Falls	677	302
Santa Barbara - Santa Maria - Lompoc	677	302
Eugene - Springfield	670	304
Portland, Me.	665	305
Boulder - Longmont	663	306
Enid	659	307
Oklahoma City	651	308
Santa Fe	649	309
Bellingham	645	310
Rapid City	644	311
Pittsfield	642	312
Amarillo	638	313
Santa Cruz	626	314
Billings	600	315
San Francisco	520	316
Glens Falls	494	317
Atlantic City	456	318
Total Above Areas	863	
United States Total	873	

21ST ANNUAL RGI/MSA RANKING

PER CAPITA EATING PLACE SALES BY MARKET, 1987

Metro Area Name	Per Capita Sales	Rank
San Francisco	1,306	1
Anchorage	1,232	2
Honolulu	1,187	3
Portland, Me	1,080	4
Atlantic City	970	5
Boston - Lawrence - Salem - Lowell - Brockton	960	6
Anaheim - Santa Ana	924	7
Odessa	921	8
Santa Barbara - Santa Maria - Lompoc	893	9
Bridgeport - Stamford - Norwalk - Danbury	876	10
Fort Lauderdale - Hollywood - Pompano Beach	874	11
Naples	852	12
Boulder - Longmont	829	13
Burlington, Vt.	825	14
Sarasota	825	14
Seattle	819	16
Lexington-Fayette	811	17
San Jose	811	17
Orlando	809	19
Panama City	805	20
Atlanta	799	21
Cheyenne	788	22
Washington	785	23
West Palm Beach - Boca Raton - Delray Beach	775	24
Wilmington, N.C.	770	25
Manchester - Nashua	765	26
Madison	762	27
Oklahoma City	762	27
Knoxville	761	29
Hartford - New Britain - Middletown - Bristol	755	30
Houma - Thibodaux	754	31
Denver	746	32
Burlington, N.C.	745	33
Rapid City	740	34
Portsmouth - Dover - Rochester	732	35
Bradenton	731	36
Dallas	728	37
Toledo	724	38
Savannah	723	39
Owensboro	722	40
San Diego	721	41
San Angelo	720	42
Bryan - College Station	716	43
Lafayette, La.	713	44
Reno	712	45
Los Angeles - Long Beach	707	46
New Haven - Waterbury - Meriden	705	47
Portland, Ore.	704	48
Ann Arbor	698	49
Muncie	697	50
Miami - Hialeah	696	51
Wichita Falls	694	52
Minneapolis - St. Paul	689	53
Asheville	687	54
New London - Norwich	687	54
Fort Walton Beach	683	56
Kalamazoo	683	56
Sacramento	683	56
Midland, Tex.	682	59
New Orleans	682	59
Austin	681	61
Las Vegas	681	61
Albuquerque	672	63
Galveston - Texas City	671	64
Cincinnati	670	65
Daytona Beach	670	65
Houston	670	65
Columbus, Ohio	668	68
New York	668	68
Santa Fe	667	70
Oakland	666	71
Indianapolis	665	72
Kokomo	663	73
Champaign - Urbana - Rantoul	661	74
Springfield, Mass.	660	75
Topeka	660	75
Kansas City	658	77
Santa Cruz	654	78
Greensboro - Winston-Salem - High Point	649	79
Des Moines	647	80
Cleveland	646	81
Abilene	644	82
Amarillo	643	83
Bergen - Passaic	643	83
Salinas - Seaside - Monterey	642	85
Chicago	638	86
Omaha	638	86
Gainesville	637	88
Louisville	637	88
Tampa - St. Petersburg - Clearwater	636	90
Charlottesville	634	91
Lincoln	633	92
Terre Haute	633	92
Boise	632	94
Pittsfield	630	95
Bellingham	629	96
Fort Myers - Cape Coral	627	97
Rochester, Minn.	627	97
Lawrence, Kans.	623	99
South Bend - Mishawaka	623	99
Phoenix	620	101
Raleigh - Durham	619	102
Billings	618	103
Bloomington - Normal	615	104
Roanoke	615	104
St. Louis	615	104
Santa Rosa - Petaluma	614	107
Lafayette - West Lafayette	612	108
Providence - Pawtucket - Woonsocket	612	108
Fort Worth - Arlington	611	110
New Bedford - Fall River - Attleboro	611	110
Tallahassee	611	110
Biloxi - Gulfport	610	113
Vallejo - Fairfield - Napa	610	113
Akron	609	115
Casper	608	116
Worcester - Fitchburg - Leominster	608	116
Bangor	607	118
Evansville	606	119
Longview - Marshall	606	119
Sioux Falls	603	121
Fort Wayne	602	122
Green Bay	602	122
Norfolk - Virginia Beach - Newport News	601	124
Wichita	600	125
Charleston, S.C.	599	126
Richmond - Petersburg	597	127
Springfield, Ill.	596	128
Fargo - Moorhead	593	129
Bloomington, Ind.	592	130
Flint	592	130
Gary - Hammond	591	132
Lima	590	133
St. Joseph	589	134
Kenosha	587	135
Detroit	585	136
Athens	584	137
Bakersfield	583	138
Dayton - Springfield	583	138
Milwaukee	583	138
Columbia, S.C.	580	141
Springfield, Mo.	579	142
Lansing - East Lansing	577	143
Lubbock	577	143
Spokane	575	145
Jacksonville, Fla.	574	146
Saginaw - Bay City - Midland	573	147
Davenport - Rock Island - Moline	572	148
Tulsa	571	149
San Antonio	570	150
Nashville	569	151
Lynchburg	568	152
Grand Rapids	565	153
Colorado Springs	564	154
Iowa City	564	154
Baltimore	562	156
Reading	561	157
Charlotte - Gastonia - Rock Hill	558	158
Corpus Christi	555	159
Nassau - Suffolk	555	159
Chico	554	161
Enid	554	161
Harrisburg - Lebanon - Carlisle	554	161
Tucson	554	161
Kankakee	551	165
Bismarck	549	166
Laredo	549	166
Elkhart - Goshen	548	168
Duluth	547	169
Jackson, Tenn.	546	170
Eugene - Springfield	544	171
Riverside - San Bernardino	544	171
Greenville - Spartanburg	543	173
La Crosse	542	174
Trenton	542	174
Rochester, N.Y.	541	176
Fayetteville - Springdale	540	177
Albany, Ga.	537	178
Canton	536	179
Cedar Rapids	536	179
Memphis	535	181
Tacoma	535	181
Olympia	531	183
Philadelphia	529	184
State College	529	184
Stockton	525	186
Buffalo	523	187
Columbia, Mo.	522	188
Eau Claire	521	189
Rockford	520	190
Janesville - Beloit	518	191
Monmouth - Ocean	517	192
Melbourne - Titusville - Palm Bay	516	193
Huntsville	512	194
Lawton	507	195
Glens Falls	506	196
Fayetteville, N.C.	505	197
Hickory	505	197
Little Rock - North Little Rock	505	197
Chattanooga	504	200
Joplin	503	201
Allentown - Bethlehem	502	202
Pensacola	502	202
Battle Creek	500	204
Sioux City	500	204
Lancaster	499	206
Lewiston - Auburn	499	206
Dubuque	498	208
Fort Collins - Loveland	498	208
Macon - Warner Robins	498	208
Pittsburgh	498	208
Victoria	498	208
Waco	498	208
Middlesex - Somerset - Hunterdon	496	214
Sherman - Denison	495	215
Wilmington, Del.	495	215
Texarkana	493	217
Modesto	492	218
Syracuse	492	218
Youngstown - Warren	486	220
Lake County, Ill.	485	221
Aurora - Elgin	483	222
Waterloo - Cedar Falls	482	223
Great Falls	481	224
Anderson, Ind.	478	225
Dothan	478	225
Fresno	478	225
Erie	477	228
Newark	477	228
Appleton - Oshkosh - Neenah	476	230
Brownsville - Harlingen	476	230
Peoria	476	230
Monroe	475	233
Redding	475	233
Beaumont - Port Arthur	473	235
Mobile	473	235
Parkersburg - Marietta	473	235
Racine	472	238
Yuba City	472	238
Muskegon	470	240
Baton Rouge	467	241
Benton Harbor	467	241
Charleston, W.Va.	467	241
Huntington - Ashland	465	244
Richland - Kennewick - Pasco	465	244
Oxnard - Ventura	463	246
Scranton - Wilkes-Barre	462	247
Shreveport	461	248
Lakeland - Winter Haven	460	249
Elmira	459	250
Mansfield	459	250
Salem, Ore.	459	250
Hamilton - Middletown	458	253
Tyler	456	254
Medford	454	255
Fort Pierce	453	256
Yakima	453	256
Albany - Schenectady - Troy	452	258
Cumberland	452	258
Bremerton	450	260
Ocala	450	260
Columbus, Ga.	448	262
Killeen - Temple	448	262
Vancouver	444	264
Fort Smith	443	265
Montgomery	442	266
Visalia - Tulare - Porterville	439	267
Danville, Va.	438	268
Decatur, Ill.	436	269
Pueblo	432	270
Wheeling	432	270
Las Cruces	430	272
Augusta	429	273
Florence, S.C.	427	274
El Paso	425	275
St. Cloud	421	276
Birmingham	420	277
Merced	420	277
Niagara Falls	420	277
Binghamton	419	280
Tuscaloosa	413	281
Sheboygan	412	282
Poughkeepsie	410	283
Jackson, Miss.	409	284
Anderson, S.C.	408	285
Clarksville - Hopkinsville	407	286
Lake Charles	405	287
York	404	288
Salt Lake City - Ogden	401	289
Grand Forks	400	290
Johnson City - Kingsport - Bristol	399	291
Utica - Rome	395	292
Florence, Ala.	392	293
Jacksonville, N.C.	388	294
Lorain - Elyria	384	295
Pascagoula	375	296
Steubenville - Weirton	375	296
Jackson, Mich.	372	298
Gadsden	371	299
Alexandria, La.	370	300
Decatur, Ala.	367	301
Greeley	366	302
Williamsport	365	303
Joliet	356	304
McAllen - Edinburg - Mission	354	305
Sharon	345	306
Altoona	344	307
Brazoria	342	308
Orange County, N.Y.	338	309
Wausau	336	310
Pine Bluff	334	311
Jersey City	309	312
Hagerstown	287	313
Vineland - Millville - Bridgeton	281	314
Anniston	262	315
Beaver County, Pa.	257	316
Johnstown	230	317
Provo - Orem	214	318
Total Above Areas	631	
United States Total	571	

21ST ANNUAL RGI/MSA RANKING

PER CAPITA FAST FOOD SALES BY MARKET, 1987

Metro Area Name	Per Capita Sales	Rank
Lexington-Fayette	409	1
Honolulu	403	2
Wilmington, N.C.	403	2
Odessa	401	4
Owensboro	401	4
Burlington, N.C	390	6
Anchorage	378	7
Atlanta	369	8
Savannah	368	9
Asheville	360	10
Naples	351	11
Oklahoma City	351	11
Knoxville	347	13
Portland, Me.	343	14
Louisville	338	15
Topeka	328	16
Muncie	327	17
Biloxi - Gulfport	324	18
Anaheim - Santa Ana	320	19
Columbus, Ohio	316	20
San Angelo	314	21
San Jose	314	21
Bryan - College Station	312	23
Kokomo	311	24
Lawrence, Kans.	310	25
Evansville	308	26
Indianapolis	307	27
Columbia, S.C.	305	28
Greensboro - Winston-Salem - High Point	305	28
Orlando	305	28
Fayetteville - Springdale	304	31
Greenville - Spartanburg	303	32
Cheyenne	302	33
Wichita Falls	302	33
Charlotte - Gastonia - Rock Hill	300	35
Huntington - Ashland	300	35
Lafayette, La.	300	35
Raleigh - Durham	299	38
Athens	298	39
Dothen	298	39
San Francisco	298	39
Midland, Tex.	297	42
Santa Fe	297	42
Terre Haute	297	42
Kansas City	295	45
Galveston - Texas City	293	46
Atlantic City	292	47
Austin	292	47
Dallas	292	47
Panama City	290	50
Richmond - Petersburg	288	51
Charleston, S.C.	287	52
Lafayette - West Lafayette	287	52
Dayton - Springfield	285	54
Charlottesville	284	55
Sacramento	284	55
Houma - Thibodaux	282	57
Abilene	281	58
St. Louis	281	58
Amarillo	280	60
Tulsa	280	60
Des Moines	279	62
Bloomington, Ind.	278	63
Gary - Hammond	278	63
Fort Worth - Arlington	277	65
Huntsville	277	65
Madison	277	65
Roanoke	275	68
Wichita	275	68
Albany, Ga.	274	70
Jacksonville, Fla	273	71
Memphis	273	71
Toledo	272	73
Washington	272	73
Cincinnati	271	75
Springfield, Mo	271	75
Albuquerque	270	77
Ann Arbor	270	77
Kalamazoo	270	77
Boulder - Longmont	269	80
Enid	269	80
Jackson, Tenn.	269	80
Hickory	268	83
Norfolk - Virginia Beach - Newport News	268	83
Omaha	267	85
Lincoln	266	86
Fayetteville, N.C	265	87
Santa Cruz	265	87
Davenport - Rock Island - Moline	264	89
Longview - Marshall	264	89
Bradenton	263	91
Little Rock - North Little Rock	263	91
St. Joseph	261	93
Champaign - Urbana - Rantoul	259	94
Lima	259	94
Corpus Christi	258	96
Houston	258	96
Lansing - East Lansing	258	96
Elkhart - Goshen	257	99
Flint	256	100
Stockton	256	100
Macon - Warner Robins	255	102
Oakland	255	102
Santa Barbara - Santa Maria - Lompoc	255	102
Lynchburg	254	105
Chattanooga	253	106
Lubbock	253	106
New Orleans	253	106
Charleston, W.Va.	252	109
Baton Rouge	250	110
Boston - Lawrence - Salem - Lowell - Brockton	250	110
Montgomery	250	110
San Diego	250	110
Vallejo - Fairfield - Napa	250	110
South Bend - Mishawaka	249	115
Bakersfield	248	116
Daytona Beach	248	116
Fort Lauderdale - Hollywood - Pompano Beach	248	116
Fort Smith	247	119
Seattle	247	119
Fort Walton Beach	246	121
Lawton	246	121
Pensacola	246	121
Eugene - Springfield	245	124
Mobile	245	124
Cleveland	244	126
Iowa City	244	126
Rapid City	243	128
Reno	242	129
Bloomington - Normal	241	130
Boise	241	130
Casper	241	130
Riverside - San Bernardino	241	130
Colorado Springs	239	134
Laredo	239	134
Modesto	238	136
Parkersburg - Marietta	238	136
San Antonio	238	136
New Haven - Waterbury - Meriden	236	139
Akron	235	140
Hartford - New Britain - Middletown - Bristol	235	140
Johnson City - Kingsport - Bristol	235	140
Los Angeles - Long Beach	235	140
Lakeland - Winter Haven	234	144
Portland, Ore.	234	144
Springfield, Ill.	234	144
Tuscaloosa	234	144
New London - Norwich	233	148
Santa Rosa - Petaluma	233	148
Tampa - St. Petersburg - Clearwater	233	148
Las Vegas	232	151
New Bedford - Fall River - Attleboro	232	151
Texarkana	232	151
Cedar Rapids	231	154
Columbia, Mo.	231	154
Columbus, Ga.	231	154
Gainesville	231	154
Manchester - Nashua	231	154
Nashville	231	154
Augusta	230	160
Fargo - Moorhead	230	160
Decatur, Ala.	229	162
Youngstown - Warren	229	162
Bangor	228	164
Visalia - Tulare - Porterville	228	164
Canton	227	166
Baltimore	226	167
Miami - Hialeah	226	167
Anderson, Ind.	224	169
Minneapolis - St. Paul	224	169
Billings	223	171
Bismarck	223	171
Denver	223	171
Joplin	223	171
Shreveport	223	171
Spokane	223	171
Burlington, Vt.	222	177
Chicago	222	177
Florence, Ala.	222	177
Saginaw - Bay City - Midland	221	180
Tallahassee	221	180
Birmingham	220	182
Tucson	220	182
Bridgeport - Stamford - Norwalk - Danbury	218	184
Florence, S.C.	218	184
Detroit	217	186
Victoria	217	186
Waco	217	186
Kankakee	216	189
Sherman - Denison	216	189
Dubuque	215	191
Phoenix	215	191
Sioux City	215	191
Fresno	214	194
Harrisburg - Lebanon - Carlisle	213	195
Wheeling	213	195
Bellingham	212	197
Fort Wayne	212	197
Wilmington, Del.	212	197
Gadsden	210	200
Reading	209	201
Sioux Falls	209	201
Anderson, S.C.	208	203
Brownsville - Harlingen	208	203
Rochester, Minn.	208	203
Rockford	208	203
Green Bay	207	207
Portsmouth - Dover - Rochester	207	207
Waterloo - Cedar Falls	207	207
Clarksville - Hopkinsville	206	210
Erie	206	210
Jackson, Miss.	206	210
Sarasota	206	210
Beaumont - Port Arthur	205	214
Fort Myers - Cape Coral	205	214
Milwaukee	204	216
Jacksonville, N.C.	203	217
Kenosha	202	218
Mansfield	202	218
Hamilton - Middletown	201	220
Monroe	201	220
Peoria	200	222
Melbourne - Titusville - Palm Bay	199	223
Pascagoula	199	223
Tacoma	199	223
Tyler	199	223
Salinas - Seaside - Monterey	198	227
Chico	196	228
Danville, Va.	196	228
West Palm Beach - Boca Raton - Delray Beach	196	228
Killeen - Temple	195	231
Battle Creek	193	232
El Paso	193	232
Grand Rapids	193	232
Springfield, Mass.	192	235
State College	192	235
Cumberland	191	237
Providence - Pawtucket - Woonsocket	191	237
Pine Bluff	188	239
Salem, Ore.	188	239
Fort Pierce	187	241
Lewiston - Auburn	187	241
La Crosse	186	243
Steubenville - Weirton	185	244
Vancouver	183	245
Brazoria	182	246
Las Cruces	182	246
Muskegon	182	246
Salt Lake City - Ogden	182	246
Benton Harbor	181	250
Appleton - Oshkosh - Neenah	180	251
Philadelphia	180	251
Eau Claire	179	253
Olympia	179	253
Janesville - Beloit	178	255
Pittsfield	178	255
Aurora - Elgin	177	257
Buffalo	177	257
Duluth	177	257
Allentown - Bethlehem	174	260
Great Falls	173	261
Decatur, Ill.	171	262
Lake Charles	171	262
Rochester, N.Y.	170	264
Lorain - Elyria	169	265
Pittsburgh	168	266
Redding	168	266
Yuba City	167	268
Lancaster	166	269
Medford	166	269
Oxnard - Ventura	166	269
Scranton - Wilkes-Barre	166	269
Bergen - Passaic	164	273
Lake County, Ill.	164	273
Grand Forks	163	275
Ocala	162	276
Racine	162	276
Fort Collins - Loveland	160	278
Worcester - Fitchburg - Leominster	160	278
Monmouth - Ocean	159	280
Trenton	159	280
Alexandria, La.	157	282
Syracuse	157	282
York	157	282
Nassau - Suffolk	156	285
Richland - Kennewick - Pasco	156	285
Merced	154	287
Yakima	153	288
Bremerton	152	289
New York	152	289
Niagara Falls	149	291
Anniston	148	292
Binghamton	147	293
Albany - Schenectady - Troy	146	294
McAllen - Edinburg - Mission	146	294
Middlesex - Somerset - Hunterdon	146	294
Joliet	145	297
Jackson, Mich.	144	298
Sheboygan	142	299
St. Cloud	140	300
Glens Falls	138	301
Pueblo	138	301
Newark	134	303
Williamsport	132	304
Utica - Rome	127	305
Altoona	125	306
Elmira	125	306
Sharon	125	306
Orange County, N.Y.	118	309
Greeley	117	310
Hagerstown	117	310
Wausau	115	312
Beaver County, Pa.	113	313
Poughkeepsie	112	314
Johnstown	107	315
Jersey City	102	316
Provo - Orem	97	317
Vineland - Millville - Bridgeton	85	318
Total Above Areas	233	
United States Total	217	

21ST ANNUAL RGI/MSA RANKING

PER CAPITA RESTAURANT SALES BY MARKET, 1987

Metro Area Name	Per Capita Sales	Rank
San Francisco	811	1
Portland, Me.	634	2
Honolulu	627	3
Santa Barbara - Santa Maria - Lompoc	584	4
Atlantic City	563	5
Sarasota	548	6
Boston - Lawrence - Salem - Lowell - Brockton	535	7
Anaheim - Santa Ana	529	8
Fort Lauderdale - Hollywood - Pompano Beach	523	9
Bridgeport - Stamford - Norwalk - Danbury	511	10
West Palm Beach - Boca Raton - Delray Beach	510	11
Burlington, Vt.	500	12
Anchorage	497	13
Boulder - Longmont	485	14
Seattle	460	15
Madison	453	16
Portsmouth - Dover - Rochester	452	17
Manchester - Nashua	450	18
Rapid City	437	19
Naples	436	20
Salinas - Seaside - Monterey	426	21
Orlando	423	22
Panama City	421	23
San Jose	421	23
Denver	411	25
Reno	410	26
Cheyenne	405	27
New London - Norwich	403	28
San Diego	402	29
Portland, Ore.	400	30
Los Angeles - Long Beach	393	31
Pittsfield	393	31
Minneapolis - St. Paul	391	33
Springfield, Mass.	389	34
New Haven - Waterbury - Meriden	388	35
Bradenton	383	36
Fort Myers - Cape Coral	383	36
Hartford - New Britain - Middletown - Bristol	380	38
New York	378	39
Odessa	377	40
Toledo	367	41
Washington	367	41
Rochester, Minn.	361	43
Bellingham	359	44
Fort Walton Beach	358	45
Billings	357	46
Miami - Hialeah	357	46
Oakland	356	48
Worcester - Fitchburg - Leominster	352	49
Bergen - Passaic	351	50
Sacramento	351	50
Ann Arbor	350	52
Green Bay	349	53
Providence - Pawtucket - Woonsocket	349	53
Sioux Falls	348	55
Santa Cruz	346	56
Kenosha	340	57
Santa Rosa - Petaluma	339	58
Daytona Beach	338	59
Fort Wayne	336	60
Las Vegas	336	60
Duluth	335	62
Boise	333	63
Gainesville	333	63
Vallejo - Fairfield - Napa	333	63
Chicago	331	66
Akron	330	67
Knoxville	328	68
Cleveland	327	69
Champaign - Urbana - Rantoul	326	70
Phoenix	326	70
South Bend - Mishawaka	326	70
Fargo - Moorhead	324	73
Bangor	323	74
Milwaukee	323	74
Tampa - St. Petersburg - Clearwater	321	76
Kalamazoo	320	77
Omaha	320	77
Tallahassee	320	77
Cincinnati	318	80
Lincoln	318	80
Casper	315	82
La Crosse	314	83
Albuquerque	313	84
Atlanta	313	84
Santa Fe	313	84
Reading	312	87
Dallas	311	88
Lexington-Fayette	311	88
Chico	307	90
New Bedford - Fall River - Attleboro	306	91
Tacoma	306	91
Lancaster	305	93
Monmouth - Ocean	305	93
Spokane	305	93
Bloomington - Normal	303	96
Eau Claire	303	96
Olympia	303	96
Austin	301	99
Grand Rapids	301	99
New Orleans	301	99
Janesville - Beloit	300	102
Houston	299	103
Bakersfield	297	104
San Angelo	295	105
Detroit	294	106
Kansas City	294	106
Oklahoma City	294	106
Springfield, Ill.	294	106
Bismarck	293	110
Bryan - College Station	293	110
Muncie	293	110
Rochester, N.Y.	292	113
Saginaw - Bay City - Midland	291	114
Nassau - Suffolk	288	115
Wilmington, N.C.	288	115
Trenton	287	117
Wichita Falls	284	118
Columbus, Ohio	283	119
Des Moines	282	120
Midland, Tex.	279	121
Burlington, N.C.	278	122
Canton	278	122
Great Falls	278	122
Kokomo	278	122
Fort Collins - Loveland	277	126
Middlesex - Somerset - Hunterdon	276	127
Galveston - Texas City	275	128
Riverside - San Bernardino	275	128
Glens Falls	274	130
Norfolk - Virginia Beach - Newport News	274	130
Racine	274	130
Nashville	273	133
Kankakee	271	134
Oxnard - Ventura	271	134
Harrisburg - Lebanon - Carlisle	270	136
Tucson	270	136
Charlottesville	269	138
Lake County, Ill.	269	138
Lima	269	138
Savannah	269	138
Syracuse	269	138
Topeka	268	143
Lansing - East Lansing	266	144
Lewiston - Auburn	266	144
Rockford	266	144
Terre Haute	266	144
Iowa City	265	148
Richland - Kennewick - Pasco	265	148
Abilene	264	150
Flint	264	150
Redding	264	150
Amarillo	263	153
Eugene - Springfield	262	154
Indianapolis	262	154
State College	262	154
Yuba City	262	154
Roanoke	261	158
Yakima	259	159
Buffalo	258	160
Gary - Hammond	258	160
Asheville	257	162
Bremerton	257	162
Lafayette - West Lafayette	257	162
Philadelphia	257	162
Pittsburgh	257	162
Albany - Schenectady - Troy	256	167
Lafayette, La.	255	168
St. Joseph	254	169
Lawrence, Kans.	253	170
Merced	253	170
Cedar Rapids	252	172
Battle Creek	251	173
Melbourne - Titusville - Palm Bay	251	173
Owensboro	249	175
Bloomington, Ind.	248	176
Elmira	248	176
Longview - Marshall	248	176
Medford	248	176
Stockton	248	176
Colorado Springs	247	181
Wichita	247	181
Peoria	244	183
St. Louis	244	183
St. Cloud	243	185
Appleton - Oshkosh - Neenah	242	186
Davenport - Rock Island - Moline	242	186
Allentown - Bethlehem	241	188
Fresno	241	188
Jacksonville, Fla.	241	188
Lynchburg	241	188
Richmond - Petersburg	241	188
Wilmington, Del.	241	188
Aurora - Elgin	240	194
Evansville	240	194
Pueblo	240	194
Binghamton	239	197
Raleigh - Durham	239	197
Sheboygan	239	197
Fort Worth - Arlington	238	200
Vancouver	238	200
Sioux City	237	202
Muskegon	236	203
Ocala	236	203
Greensboro - Winston-Salem - High Point	235	205
Benton Harbor	234	206
Dayton - Springfield	234	206
Dubuque	234	206
Newark	234	206
Fort Pierce	232	210
Baltimore	231	211
Corpus Christi	231	211
Elkhart - Goshen	230	213
Jackson, Tenn.	229	214
Louisville	229	214
Waterloo - Cedar Falls	228	216
Columbia, Mo.	225	217
Laredo	225	217
Lubbock	224	219
Poughkeepsie	222	220
Springfield, Mo.	222	220
Modesto	221	222
Erie	220	223
Salem, Ore.	219	224
San Antonio	219	224
Athens	217	226
Biloxi - Gulfport	217	226
Joplin	217	226
Scranton - Wilkes-Barre	217	226
Decatur, Ill.	215	230
Grand Forks	214	231
Mansfield	210	232
Hamilton - Middletown	209	233
Chattanooga	208	234
Youngstown - Warren	206	235
Enid	204	236
Utica - Rome	204	236
Victoria	204	236
Waco	204	236
Charlotte - Gastonia - Rock Hill	203	240
Greeley	203	240
Sherman - Denison	202	242
Anderson, Ind.	201	243
Las Cruces	201	243
Tulsa	201	243
Albany, Ga.	200	246
York	199	247
Beaumont - Port Arthur	198	248
Charleston, S.C.	198	248
Columbia, S.C.	198	248
Brownsville - Harlingen	195	251
Wausau	195	251
Texarkana	193	253
Cumberland	192	254
Lakeland - Winter Haven	192	254
Niagara Falls	192	254
Visalia - Tulare - Porterville	192	254
Fayetteville, N.C.	189	258
Hickory	189	258
Memphis	189	258
Parkersburg - Marietta	187	261
Tyler	187	261
Danville, Va.	186	263
Jackson, Mich.	[illegible]	263
Lawton	186	263
Fayetteville - Springdale	185	266
Killeen - Temple	184	267
Macon - Warner Robins	184	267
Pensacola	184	267
Orange County, N.Y.	183	270
Little Rock - North Little Rock	182	271
Shreveport	182	271
Huntsville	181	273
Salt Lake City - Ogden	181	273
Williamsport	181	273
Greenville - Spartanburg	180	276
Joliet	180	276
Houma - Thibodaux	178	278
Lorain - Elyria	175	279
Wheeling	174	280
Monroe	172	281
Sharon	171	282
Altoona	170	283
Charleston, W.Va.	169	284
Columbus, Ga.	163	285
El Paso	163	285
Jersey City	163	285
Clarksville - Hopkinsville	157	288
Mobile	157	288
Baton Rouge	154	290
Florence, S.C.	154	290
Fort Smith	152	292
Steubenville - Weirton	152	292
Vineland - Millville - Bridgeton	151	294
Jackson, Miss.	149	295
Anderson, S.C.	148	296
Lake Charles	147	297
Jacksonville, N.C.	145	298
Dothan	140	299
Birmingham	137	300
Montgomery	137	300
Alexandria, La.	134	302
Pascagoula	134	302
Tuscaloosa	128	304
Augusta	126	305
Hagerstown	124	306
Huntington - Ashland	123	307
McAllen - Edinburg - Mission	123	307
Beaver County, Pa.	122	309
Florence, Ala.	121	310
Brazoria	119	311
Gadsden	115	312
Pine Bluff	114	313
Johnson City - Kingsport - Bristol	112	314
Decatur, Ala.	108	315
Johnstown	108	315
Provo - Orem	100	317
Anniston	81	318
Total Above Areas	313	
United States Total	281	

TOTAL POPULATION BY MARKET, 1987

ADI Name	Population	Rank
New York	18,608.2	1
Los Angeles	12,658.6	2
Chicago	8,540.8	3
Philadelphia	7,155.2	4
San Francisco	5,594.0	5
Boston	5,487.6	6
Detroit	4,672.9	7
Dallas - Ft. Worth	4,447.2	8
Washington, D.C.	4,371.6	9
Houston	4,002.1	10
Cleveland	3,804.2	11
Minneapolis - St. Paul	3,521.2	12
Atlanta	3,512.8	13
Seattle - Tacoma	3,216.1	14
Pittsburgh	3,127.8	15
Miami	3,083.4	16
St. Louis	3,037.4	17
Sacramento - Stockton	2,785.5	18
Tampa - St. Petersburg	2,745.8	19
Denver	2,623.7	20
Baltimore	2,503.1	21
Phoenix	2,429.1	22
Hartford - New Haven	2,407.6	23
San Diego	2,313.9	24
Indianapolis	2,235.6	25
Portland, Ore.	2,091.2	26
Orlando - Daytona Beach - Melbourne	2,040.5	27
Milwaukee	2,007.6	28
Cincinnati	1,999.6	29
Kansas City	1,942.7	30
Charlotte	1,890.9	31
Salt Lake City	1,888.7	32
Nashville	1,870.8	33
Raleigh - Durham	1,801.0	34
New Orleans	1,785.5	35
Columbus, Ohio	1,768.4	36
Grand Rapids - Kalamazoo - Battle Creek	1,691.6	37
Buffalo	1,685.8	38
Greenville - Spartanburg - Asheville	1,676.1	39
Memphis	1,653.7	40
San Antonio	1,647.2	41
Norfolk - Portsmouth - Newport News - Hampton	1,610.9	42
Oklahoma City	1,586.0	43
Providence - New Bedford	1,497.0	44
Louisville	1,474.2	45
Harrisburg - York - Lancaster - Lebanon	1,448.0	46
Birmingham	1,375.1	47
Charleston - Huntington	1,348.1	48
Greensboro - Winston-Salem - High Point	1,331.0	49
Dayton	1,309.3	50
Albany - Schenectady - Troy	1,302.9	51
Albuquerque	1,301.1	52
Wilkes-Barre - Scranton	1,296.6	53
Fresno - Visalia	1,255.5	54
Little Rock	1,246.5	55
Flint - Saginaw - Bay City	1,221.9	56
Tulsa	1,204.4	57
Richmond	1,200.2	58
Jacksonville	1,191.3	59
West Palm Beach - Ft. Pierce - Vero Beach	1,137.0	60
Knoxville	1,136.8	61
Mobile - Pensacola	1,125.9	62
Wichita - Hutchinson	1,123.3	63
Shreveport - Texarkana	1,118.1	64
Toledo	1,103.1	65
Green Bay	1,019.8	66
Roanoke - Lynchburg	1,003.2	67
Des Moines	969.7	68
Rochester, N.Y.	955.6	69
Syracuse	947.8	70
Palm Springs	938.3	71
Omaha	934.9	72
Austin, Tex.	914.8	73
Lexington	909.3	74
Portland - Poland Spring	905.3	75
Springfield - Decatur - Champaign	885.4	76
Spokane	868.2	77
Paducah - Cape Girardeau - Harrisburg - Marion	865.4	78
Cedar Rapids - Waterloo - Dubuque	846.1	79
Jackson, Miss.	832.2	80
Davenport - Rock Island - Moline	814.6	81
Huntsville - Decatur - Florence	800.0	82
South Bend - Elkhart	798.0	83
Columbia, S.C.	795.2	84
Springfield, Mo.	790.8	85
Chattanooga	787.8	86
Bristol - Kingsport - Johnson City	779.0	87
Johnstown - Altoona	777.3	88
Baton Rouge	768.3	89
Tucson	768.3	89
Youngstown	748.5	91
El Paso	725.8	92
Burlington - Plattsburgh	713.4	93
Evansville	706.8	94
Madison	699.5	95
McAllen - Brownsville	680.0	96
Waco - Temple	679.6	97
Springfield, Mass.	659.9	98
Lincoln - Hastings - Kearney	658.8	99
Savannah	641.1	100
Augusta	633.6	101
Las Vegas	630.1	102
Ft. Wayne	629.5	103
Lansing	626.0	104
Charleston, S.C.	623.1	105
Greenville - New Bern - Washington	620.5	105
Colorado Springs - Pueblo	610.8	107
Salinas - Monterey	610.8	107
Montgomery - Selma	604.7	109
Sioux Falls - Mitchell	603.2	110
Fargo	589.3	111
Lafayette, La.	580.9	112
Peoria	565.4	113
Santa Barbara - Santa Maria - San Luis Obispo	548.6	114
Ft. Myers - Naples	543.2	115
Corpus Christi	535.3	116
Columbus, Ga.	524.4	117
Monroe - El Dorado	520.4	118
Bakersfield	511.0	119
Tallahassee - Thomasville	510.8	120
Amarillo	502.7	121
Eugene	489.9	122
Tyler - Longview	471.3	123
Yakima	469.7	124
Macon	468.2	125
Joplin - Pittsburg	466.5	126
Beaumont - Port Arthur	465.1	127
Columbus - Tupelo	461.1	128
Florence, S.C.	455.3	129
Duluth - Superior	453.8	130
La Crosse - Eau Claire	453.4	131
Terre Haute	447.9	132
Wichita Falls - Lawton	442.8	133
Wausau - Rhinelander	442.7	134
Sioux City	434.9	135
Binghamton	434.5	136
Traverse City - Cadillac	429.6	137
Boise	427.2	138
Erie	423.1	139
Topeka	422.0	140
Bluefield - Beckley - Oak Hill	418.4	141
Ft. Smith	415.7	142
Rockford	415.7	142
Odessa - Midland	411.5	144
Wheeling - Steubenville	408.6	145
Chico - Redding	396.6	146
Minot - Bismarck - Dickinson	395.5	147
Reno	394.5	148
Lubbock	393.3	149
Wilmington	387.2	150
Utica	382.1	151
Albany, Ga.	381.2	152
Rochester - Mason City - Austin	371.4	153
Columbia - Jefferson City	368.7	154
Medford	352.7	155
Quincy - Hannibal	323.3	156
Bangor	316.4	157
Idaho Falls - Pocatello	316.4	157
Abilene - Sweetwater	315.7	159
Biloxi - Gulfport - Pascagoula	314.1	160
Dothan	294.4	161
Alexandria, La.	261.3	162
Sarasota	255.7	163
Greenwood - Greenville	254.4	164
Laurel - Hattiesburg	253.1	165
Clarksburg - Weston	252.0	166
Salisbury	241.8	167
Billings - Hardin	240.4	168
Elmira	235.8	169
Watertown - Carthage	234.3	170
Rapid City	232.3	171
Gainesville	222.1	172
Lake Charles	216.6	173
Panama City	206.9	174
El Centro - Yuma	199.6	175
Ardmore - Ada	197.6	176
Missoula	194.5	177
Meridian	187.2	178
Jonesboro	185.0	179
Grand Junction	176.3	180
Jackson, Tenn.	167.5	181
Great Falls	162.2	182
Parkersburg	157.7	183
Marquette	157.3	184
Tuscaloosa	145.9	185
Cheyenne - Scottsbluff - Sterling	137.1	186
Eureka	135.5	187
San Angelo	133.1	188
Laredo	129.2	189
Butte	128.4	190
Casper - Riverton	127.3	191
St. Joseph	127.0	192
Anniston	124.9	193
Lafayette, Ind.	122.8	194
Roswell	121.9	195
Bowling Green	121.5	196
Hagerstown	114.8	197
Lima	113.0	198
Charlottesville	103.8	199
Harrisonburg	102.2	200
Flagstaff	92.5	201
Twin Falls	87.8	202
Presque Isle	86.0	203
Zanesville	84.6	204
Victoria	77.1	205
Ottumwa - Kirksville	76.1	206
Bend	70.3	207
Mankato	63.9	208
North Platte	49.3	209
Helena	48.0	210
Alpena	41.9	211
Glendive	13.5	212
Total U.S. ADIs	243,988.2	

EFFECTIVE BUYING INCOME PER CAPITA BY MARKET, 1987

ADI Name	EBI	Rank
San Francisco	18,129	1
Washington, D.C.	17,293	2
New York	16,677	3
Hartford - New Haven	16,382	4
Boston	16,228	5
West Palm Beach - Ft. Pierce - Vero Beach	15,461	6
San Diego	15,431	7
Los Angeles	15,357	8
Rochester, N.Y.	14,727	9
Chicago	14,686	10
Santa Barbara - Santa Maria - San Luis Obispo	14,677	11
Seattle - Tacoma	14,527	12
Sarasota	14,462	13
Philadelphia	14,458	14
Minneapolis - St. Paul	14,169	15
Peoria	14,169	15
Miami	14,086	17
Salinas - Monterey	13,892	18
Denver	13,875	19
Milwaukee	13,839	20
Detroit	13,810	21
Charlottesville	13,758	22
Kansas City	13,640	23
Albany - Schenectady - Troy	13,560	24
Dallas - Ft. Worth	13,532	25
Reno	13,507	26
Palm Springs	13,463	27
Rockford	13,419	28
Sacramento - Stockton	13,353	29
Omaha	13,302	30
Harrisburg - York - Lancaster - Lebanon	13,255	31
Ft. Myers - Naples	13,252	32
Syracuse	13,221	33
Baltimore	13,194	34
Houston	13,133	35
Providence - New Bedford	13,128	36
St. Louis	13,079	37
Springfield, Mass.	13,074	38
Wichita - Hutchinson	13,065	39
Atlanta	12,996	40
Madison	12,933	41
Las Vegas	12,862	42
Phoenix	12,838	43
Cleveland	12,830	44
Davenport - Rock Island - Moline	12,822	45
Binghamton	12,701	46
Cincinnati	12,675	47
Toledo	12,637	48
Dayton	12,595	49
Springfield - Decatur - Champaign	12,575	50
Austin, Tex.	12,560	51
Lansing	12,558	52
Indianapolis	12,542	53
Grand Rapids - Kalamazoo - Battle Creek	12,535	54
Des Moines	12,520	55
Bakersfield	12,461	56
Topeka	12,461	56
Tampa - St. Petersburg	12,413	58
Portland - Poland Spring	12,395	59
Richmond	12,383	60
Pittsburgh	12,361	61
Lafayette, Ind.	12,285	62
Columbus, Ohio	12,219	63
Cedar Rapids - Waterloo - Dubuque	12,128	64
Buffalo	12,125	65
Odessa - Midland	12,120	66
Orlando - Daytona Beach - Melbourne	12,083	67
Rochester - Mason City - Austin	12,083	67
Erie	11,975	69
Portland, Ore.	11,950	70
Lincoln - Hastings - Kearney	11,903	71
Utica	11,892	72
Lima	11,891	73
Norfolk - Portsmouth - Newport News - Hampton	11,836	74
Beaumont - Port Arthur	11,797	75
Helena	11,791	76
Eureka	11,790	77
Ft. Wayne	11,779	78
Casper - Riverton	11,764	79
Youngstown	11,734	80
Greensboro - Winston-Salem - High Point	11,730	81
North Platte	11,681	82
Jacksonville	11,652	83
Green Bay	11,618	84
South Bend - Elkhart	11,607	85
Charlotte	11,526	86
Yakima	11,514	87
Evansville	11,491	88
Rapid City	11,401	89
Burlington - Plattsburgh	11,392	90
Minot - Bismarck - Dickinson	11,360	91
Flint - Saginaw - Bay City	11,356	92
Louisville	11,337	93
Oklahoma City	11,313	94
Nashville	11,312	95
Raleigh - Durham	11,304	96
Fargo	11,262	97
St. Joseph	11,196	98
Colorado Springs - Pueblo	11,145	99
Wausau - Rhinelander	11,143	100
Fresno - Visalia	11,136	101
Columbia - Jefferson City	11,133	102
Mankato	11,124	103
La Crosse - Eau Claire	11,111	104
Duluth - Superior	11,109	105
Elmira	11,085	106
San Angelo	11,076	107
Chico - Redding	11,046	108
Tucson	11,024	109
Cheyenne - Scottsbluff - Sterling	10,994	110
Roanoke - Lynchburg	10,976	111
Victoria	10,976	111
Wilkes-Barre - Scranton	10,959	113
Terre Haute	10,918	114
Great Falls	10,903	115
Billings - Hardin	10,868	116
Roswell	10,865	117
Amarillo	10,850	118
Hagerstown	10,849	119
Gainesville	10,833	120
Tyler - Longview	10,817	121
Salisbury	10,799	122
Missoula	10,792	123
Grand Junction	10,767	124
Sioux Falls - Mitchell	10,754	125
Tulsa	10,754	125
Columbia, S.C.	10,717	127
Spokane	10,711	128
Mobile - Pensacola	10,688	129
Macon	10,663	130
Parkersburg	10,663	130
New Orleans	10,604	132
Little Rock	10,577	133
Biloxi - Gulfport - Pascagoula	10,557	134
Huntsville - Decatur - Florence	10,547	135
Glendive	10,546	136
Bangor	10,515	137
Butte	10,467	138
Lake Charles	10,441	139
Sioux City	10,397	140
Wheeling - Steubenville	10,383	141
Boise	10,367	142
Waco - Temple	10,366	143
Baton Rouge	10,324	144
Quincy - Hannibal	10,320	145
Chattanooga	10,242	146
Greenville - Spartanburg - Asheville	10,237	147
Alpena	10,230	148
Eugene	10,223	149
Birmingham	10,219	150
Lexington	10,217	151
Joplin - Pittsburg	10,207	152
Johnstown - Altoona	10,179	153
San Antonio	10,157	154
Savannah	10,148	155
Wichita Falls - Lawton	10,124	156
Zanesville	10,118	157
Abilene - Sweetwater	10,076	158
Knoxville	10,034	159
Bristol - Kingsport - Johnson City	10,010	160
Watertown - Carthage	9,997	161
Salt Lake City	9,934	162
Shreveport - Texarkana	9,905	163
Ft. Smith	9,900	164
Tallahassee - Thomasville	9,879	165
Presque Isle	9,828	166
Albuquerque	9,818	167
Paducah - Cape Girardeau - Harrisburg - Marion	9,813	168
Jackson, Tenn.	9,782	169
Augusta	9,728	170
Memphis	9,710	171
Springfield, Mo.	9,657	172
Harrisonburg	9,629	173
Ottumwa - Kirksville	9,627	174
Twin Falls	9,626	175
Marquette	9,608	176
Charleston - Huntington	9,607	177
Columbus, Ga.	9,595	178
Bend	9,594	179
Traverse City - Cadillac	9,576	180
Lubbock	9,567	181
Tuscaloosa	9,553	182
Flagstaff	9,547	183
Corpus Christi	9,521	184
Medford	9,503	185
Bowling Green	9,465	186
Anniston	9,445	187
Lafayette, La.	9,436	188
Charleston, S.C.	9,305	189
Greenville - New Bern - Washington	9,254	190
Idaho Falls - Pocatello	9,251	191
Jonesboro	9,207	192
Wilmington	9,191	193
Florence, S.C.	9,169	194
Jackson, Miss.	9,113	195
Montgomery - Selma	9,093	196
Panama City	9,051	197
Dothan	8,998	198
El Centro - Yuma	8,946	199
Bluefield - Beckley - Oak Hill	8,831	200
Clarksburg - Weston	8,682	201
Albany, Ga.	8,660	202
Meridian	8,647	203
Laurel - Hattiesburg	8,584	204
El Paso	8,454	205
Alexandria, La.	8,314	206
Monroe - El Dorado	8,298	207
Ardmore - Ada	8,219	208
Columbus - Tupelo	7,891	209
Greenwood - Greenville	6,648	210
McAllen - Brownsville	6,533	211
Laredo	6,184	212
Total U.S. ADIs	13,035	

EATING PLACE SALES BY MARKET, 1987

ADI Name	Sales	Rank
New York	11,144,475	1
Los Angeles	9,058,430	2
Chicago	5,060,235	3
San Francisco	4,903,023	4
Boston	4,884,003	5
Philadelphia	3,900,134	6
Washington, D.C.	3,164,045	7
Dallas - Ft. Worth	2,787,759	8
Detroit	2,747,962	9
Houston	2,494,413	10
Atlanta	2,467,373	11
Miami	2,384,380	12
Seattle - Tacoma	2,216,156	13
Cleveland	2,165,814	14
Minneapolis - St. Paul	2,086,758	15
Denver	1,931,203	16
Hartford - New Haven	1,696,359	17
St. Louis	1,683,429	18
San Diego	1,668,967	19
Sacramento - Stockton	1,666,602	20
Tampa - St. Petersburg	1,627,029	21
Phoenix	1,384,723	22
Baltimore	1,380,842	23
Pittsburgh	1,361,725	24
Orlando - Daytona Beach - Melbourne	1,349,067	25
Indianapolis	1,308,436	26
Portland, Ore.	1,271,989	27
Kansas City	1,158,576	28
Cincinnati	1,158,205	29
New Orleans	1,133,106	30
Milwaukee	1,112,827	31
Columbus, Ohio	1,024,641	32
Oklahoma City	1,009,600	33
Providence - New Bedford	983,004	34
Charlotte	933,270	35
Norfolk - Portsmouth - Newport News - Hampton	915,318	36
Raleigh - Durham	885,330	37
San Antonio	822,462	38
Nashville	796,259	39
Grand Rapids - Kalamazoo - Battle Creek	795,500	40
West Palm Beach - Ft. Pierce - Vero Beach	789,610	41
Buffalo	778,495	42
Louisville	774,339	43
Greensboro - Winston-Salem - High Point	771,219	44
Greenville - Spartanburg - Asheville	766,467	45
Salt Lake City	720,894	46
Harrisburg - York - Lancaster - Lebanon	700,807	47
Dayton	687,526	48
Portland - Poland Spring	669,737	49
Memphis	658,166	50
Albuquerque	649,803	51
Toledo	646,136	52
Jacksonville	628,433	53
Flint - Saginaw - Bay City	616,759	54
Knoxville	609,055	55
Albany - Schenectady - Troy	605,663	56
Richmond	605,246	57
Austin, Tex.	585,012	58
Tulsa	570,545	59
Wichita - Hutchinson	560,931	60
Fresno - Visalia	560,001	61
Mobile - Pensacola	533,216	62
Palm Springs	531,241	63
Rochester, N.Y.	528,769	64
Omaha	505,450	65
Birmingham	502,255	66
Wilkes-Barre - Scranton	501,644	67
Des Moines	488,221	68
Little Rock	478,601	69
Charleston - Huntington	468,385	70
Santa Barbara - Santa Maria - San Luis Obispo	463,056	71
Green Bay	459,025	72
Lexington	456,941	73
Roanoke - Lynchburg	448,781	74
Springfield - Decatur - Champaign	439,337	75
Syracuse	439,335	76
Madison	439,168	77
Springfield, Mass.	434,006	78
Burlington - Plattsburgh	422,472	79
Las Vegas	421,134	80
Tucson	399,363	81
South Bend - Elkhart	391,497	82
Salinas - Monterey	383,120	83
Davenport - Rock Island - Moline	381,895	84
Spokane	381,057	85
Cedar Rapids - Waterloo - Dubuque	371,600	86
Shreveport - Texarkana	362,308	87
Columbia, S.C.	361,561	88
Charleston, S.C.	353,711	89
Chattanooga	343,680	90
Ft. Myers - Naples	341,424	91
Lincoln - Hastings - Kearney	337,121	92
Evansville	336,692	93
Savannah	329,253	94
Youngstown	327,063	95
Waco - Temple	323,145	96
Lansing	319,193	97
Baton Rouge	317,549	98
Paducah - Cape Girardeau - Harrisburg - Marion	312,361	99
Ft. Wayne	310,738	100
El Paso	304,469	101
Colorado Springs - Pueblo	303,662	102
Bakersfield	298,132	103
Springfield, Mo.	296,956	104
Huntsville - Decatur - Florence	296,606	105
Florence, S.C.	293,786	106
Corpus Christi	276,137	107
Peoria	266,302	108
Odessa - Midland	264,602	109
Sioux Falls - Mitchell	262,434	110
Jackson, Miss.	260,302	111
McAllen - Brownsville	258,431	112
Amarillo	254,658	113
Bristol - Kingsport - Johnson City	254,286	114
Reno	250,934	115
Greenville - New Bern - Washington	248,649	116
Eugene	248,177	117
Lafayette, La.	241,394	118
Johnstown - Altoona	240,444	119
Fargo	239,897	120
Tallahassee - Thomasville	229,804	121
Yakima	218,673	122
Tyler - Longview	218,596	123
Salisbury	216,761	124
Wichita Falls - Lawton	216,163	125
Topeka	215,776	126
Augusta	212,788	127
Boise	211,389	128
Sarasota	210,935	129
Duluth - Superior	210,334	130
Traverse City - Cadillac	209,050	131
Montgomery - Selma	207,923	132
La Crosse - Eau Claire	206,997	133
Chico - Redding	204,853	134
Macon	201,629	135
Beaumont - Port Arthur	194,004	136
Columbus, Ga.	191,164	137
Erie	188,956	138
Rockford	188,242	139
Wausau - Rhinelander	182,144	140
Terre Haute	171,224	141
Rochester - Mason City - Austin	170,924	142
Wilmington	170,094	143
Sioux City	169,986	144
Biloxi - Gulfport - Pascagoula	169,435	145
Lubbock	169,329	146
Bangor	167,765	147
Joplin - Pittsburg	165,884	148
Ft. Smith	160,535	149
Minot - Bismarck - Dickinson	159,760	150
Medford	159,631	151
Binghamton	157,559	152
Columbia - Jefferson City	153,818	153
Albany, Ga.	153,618	154
Wheeling - Steubenville	151,258	155
Utica	150,742	156
Abilene - Sweetwater	148,532	157
Monroe - El Dorado	137,009	158
Gainesville	132,358	159
Panama City	121,289	160
Billings - Hardin	117,272	161
Bluefield - Beckley - Oak Hill	115,355	162
Quincy - Hannibal	113,102	163
Rapid City	108,082	164
Idaho Falls - Pocatello	106,796	165
Columbus - Tupelo	96,440	166
Grand Junction	95,675	167
Dothan	94,786	168
Elmira	91,001	169
Cheyenne - Scottsbluff - Sterling	90,718	170
Laurel - Hattiesburg	87,516	171
El Centro - Yuma	84,881	172
San Angelo	81,825	173
Watertown - Carthage	80,903	174
Eureka	79,945	175
Clarksburg - Weston	79,116	176
Flagstaff	79,101	177
Charlottesville	77,832	178
Lake Charles	77,712	179
Missoula	76,421	180
Alexandria, La.	75,236	181
Lafayette, Ind.	75,196	182
Parkersburg	74,591	183
Lima	73,796	184
Casper - Riverton	73,620	185
Roswell	72,157	186
Laredo	68,407	187
Jonesboro	67,068	188
Greenwood - Greenville	66,654	189
Ardmore - Ada	65,888	190
Great Falls	64,129	191
St. Joseph	63,507	192
Bowling Green	61,764	193
Tuscaloosa	60,242	194
Jackson, Tenn.	59,642	195
Butte	57,499	196
Meridian	53,539	197
Harrisonburg	49,276	198
Marquette	43,241	199
Twin Falls	38,371	200
Victoria	38,370	201
Zanesville	36,958	202
Bend	34,222	203
Mankato	33,973	204
Hagerstown	32,948	205
Anniston	32,751	206
Presque Isle	31,999	207
Ottumwa - Kirksville	29,279	208
North Platte	28,028	209
Helena	25,624	210
Alpena	10,148	211
Glendive	8,149	212
Total U.S. ADIs	138,505,630	

For more information circle number 157 for Restaurant Tech (sectional)→

EATING PLACE UNITS BY MARKET, 1987

ADI Name	# of Units	Rank
New York	21,476	1
Los Angeles	14,397	2
Chicago	9,274	3
San Francisco	8,150	4
Philadelphia	7,663	5
Boston	7,419	6
Dallas - Ft. Worth	5,281	7
Detroit	4,973	8
Washington, D.C.	4,957	9
Houston	4,412	10
Atlanta	4,284	11
Cleveland	4,171	12
Seattle - Tacoma	4,128	13
Miami	4,031	14
Minneapolis - St. Paul	3,981	15
Denver	3,590	16
Sacramento - Stockton	3,495	17
Pittsburgh	3,201	18
St. Louis	3,138	19
Hartford - New Haven	3,053	20
Tampa - St. Petersburg	3,038	21
Portland, Ore.	2,747	22
San Diego	2,725	23
Phoenix	2,719	24
Indianapolis	2,709	25
Baltimore	2,577	26
Orlando - Daytona Beach - Melbourne	2,396	27
Milwaukee	2,322	28
Oklahoma City	2,268	29
Cincinnati	2,203	30
Buffalo	2,142	31
Kansas City	2,141	32
Charlotte	2,068	33
Columbus, Ohio	2,059	34
Raleigh - Durham	1,941	35
Salt Lake City	1,936	36
Providence - New Bedford	1,922	37
San Antonio	1,907	38
New Orleans	1,891	39
Nashville	1,864	40
Albany - Schenectady - Troy	1,836	41
Norfolk - Portsmouth - Newport News - Hampton	1,807	42
Greenville - Spartanburg - Asheville	1,805	43
Grand Rapids - Kalamazoo - Battle Creek	1,749	44
Wichita - Hutchinson	1,641	45
Harrisburg - York - Lancaster - Lebanon	1,559	46
Albuquerque	1,529	47
Dayton	1,525	48
Memphis	1,484	49
Tulsa	1,481	50
Greensboro - Winston-Salem - High Point	1,459	51
Wilkes-Barre - Scranton	1,405	52
Portland - Poland Spring	1,398	53
Fresno - Visalia	1,359	54
Toledo	1,341	55
Little Rock	1,325	56
Louisville	1,324	57
Richmond	1,306	58
West Palm Beach - Ft. Pierce - Vero Beach	1,296	59
Jacksonville	1,281	60
Austin, Tex.	1,238	61
Des Moines	1,216	62
Flint - Saginaw - Bay City	1,199	63
Green Bay	1,199	63
Birmingham	1,178	65
Knoxville	1,154	66
Charleston - Huntington	1,145	67
Syracuse	1,128	68
Mobile - Pensacola	1,127	69
Rochester, N.Y.	1,125	70
Spokane	1,050	71
Roanoke - Lynchburg	1,028	72
South Bend - Elkhart	1,028	72
Burlington - Plattsburgh	1,006	74
Cedar Rapids - Waterloo - Dubuque	1,006	74
Shreveport - Texarkana	998	76
Omaha	995	77
Springfield, Mo.	974	78
Davenport - Rock Island - Moline	945	79
Madison	939	80
Palm Springs	933	81
Springfield - Decatur - Champaign	926	82
Paducah - Cape Girardeau - Harrisburg - Marion	914	83
Salinas - Monterey	891	84
Santa Barbara - Santa Maria - San Luis Obispo	868	85
Tucson	859	86
Youngstown	820	87
Chattanooga	808	88
Lexington	798	89
Springfield, Mass.	794	90
Sioux Falls - Mitchell	791	91
Lincoln - Hastings - Kearney	782	92
Johnstown - Altoona	763	93
Eugene	756	94
Columbia, S.C.	753	95
Colorado Springs - Pueblo	751	96
Ft. Wayne	751	96
Fargo	736	98
Waco - Temple	714	99
Amarillo	713	100
Evansville	710	101
Huntsville - Decatur - Florence	702	102
Las Vegas	693	103
Ft. Myers - Naples	680	104
Savannah	669	105
Traverse City - Cadillac	668	106
El Paso	660	107
Jackson, Miss.	657	108
Baton Rouge	639	109
Lansing	637	110
Duluth - Superior	629	111
Florence, S.C.	629	111
Peoria	627	113
Corpus Christi	619	114
Joplin - Pittsburg	619	114
Bristol - Kingsport - Johnson City	604	116
Greenville - New Bern - Washington	597	117
Sioux City	566	118
Wausau - Rhinelander	566	118
Tyler - Longview	564	120
Bakersfield	563	121
Yakima	563	121
Charleston, S.C.	558	123
McAllen - Brownsville	556	124
La Crosse - Eau Claire	551	125
Wichita Falls - Lawton	538	126
Lafayette, La.	537	127
Topeka	537	127
Medford	531	129
Reno	526	130
Odessa - Midland	524	131
Chico - Redding	518	132
Boise	498	133
Ft. Smith	492	134
Augusta	490	135
Erie	485	136
Utica	485	136
Tallahassee - Thomasville	479	138
Lubbock	476	139
Montgomery - Selma	470	140
Terre Haute	470	140
Rockford	468	142
Minot - Bismarck - Dickinson	465	143
Rochester - Mason City - Austin	462	144
Columbus, Ga.	456	145
Macon	452	146
Wheeling - Steubenville	441	147
Binghamton	439	148
Bangor	434	149
Beaumont - Port Arthur	430	150
Salisbury	429	151
Wilmington	411	152
Monroe - El Dorado	408	153
Columbia - Jefferson City	407	154
Abilene - Sweetwater	396	155
Billings - Hardin	364	156
Columbus - Tupelo	359	157
Sarasota	356	158
Albany, Ga.	350	159
Quincy - Hannibal	345	160
Biloxi - Gulfport - Pascagoula	331	161
Idaho Falls - Pocatello	316	162
Rapid City	309	163
Missoula	304	164
Bluefield - Beckley - Oak Hill	303	165
Watertown - Carthage	298	166
Gainesville	274	167
Laurel - Hattiesburg	265	168
Elmira	253	169
Panama City	252	170
Clarksburg - Weston	242	171
Dothan	242	171
El Centro - Yuma	239	173
Grand Junction	239	173
Eureka	235	175
Great Falls	235	175
Ardmore - Ada	222	177
Greenwood - Greenville	216	178
Butte	208	179
Jonesboro	198	190
Cheyenne - Scottsbluff - Sterling	197	181
San Angelo	186	182
Lake Charles	183	183
Alexandria, La.	181	184
Casper - Riverton	174	185
Marquette	174	185
Jackson, Tenn.	166	187
Parkersburg	166	187
Charlottesville	155	189
Meridian	151	190
Lima	150	191
St. Joseph	147	192
Flagstaff	145	193
Tuscaloosa	145	193
Lafayette, Ind.	143	195
Roswell	143	195
Bend	115	197
Harrisonburg	113	198
Anniston	112	199
Hagerstown	111	200
Zanesville	107	201
Bowling Green	102	202
Laredo	102	202
Victoria	100	204
Mankato	97	205
Ottumwa - Kirksville	91	206
Presque Isle	83	207
Twin Falls	78	208
Helena	76	209
North Platte	62	210
Alpena	50	211
Glendive	17	212
Total U.S. ADIs	279,015	

FAST FOOD SALES BY MARKET, 1987

ADI Name	Sales	Rank
Los Angeles	3,141,352	1
New York	2,826,262	2
Chicago	1,840,744	3
San Francisco	1,559,670	4
Philadelphia	1,333,087	5
Boston	1,278,234	6
Dallas - Ft. Worth	1,186,854	7
Atlanta	1,177,338	8
Washington, D.C.	1,136,545	9
Detroit	1,023,544	10
Houston	993,191	11
Cleveland	857,016	12
St. Louis	773,643	13
Miami	737,815	14
Sacramento - Stockton	711,074	15
Seattle - Tacoma	707,436	16
Minneapolis - St. Paul	679,988	17
Tampa - St. Petersburg	622,782	18
Indianapolis	616,542	19
Denver	591,033	20
San Diego	578,200	21
Baltimore	555,546	22
Hartford - New Haven	543,014	23
Kansas City	525,242	24
Orlando - Daytona Beach - Melbourne	509,659	25
Charlotte	501,602	26
Pittsburgh	488,713	27
Phoenix	483,748	28
Columbus, Ohio	482,718	29
Cincinnati	482,119	30
Oklahoma City	475,192	31
Raleigh - Durham	456,936	32
Portland, Ore.	450,145	33
New Orleans	423,649	34
Norfolk - Portsmouth - Newport News - Hampton	418,544	35
Louisville	417,869	36
Greenville - Spartanburg - Asheville	412,120	37
Milwaukee	382,256	38
Greensboro - Winston-Salem - High Point	374,670	39
San Antonio	354,278	40
Nashville	352,089	41
Memphis	341,477	42
Dayton	334,764	43
Providence - New Bedford	322,063	44
Salt Lake City	312,050	45
Jacksonville	303,563	46
Richmond	294,609	47
Grand Rapids - Kalamazoo - Battle Creek	292,841	48
Knoxville	290,528	49
Tulsa	281,977	50
Birmingham	272,881	51
Wichita - Hutchinson	271,124	52
Albuquerque	270,455	53
Buffalo	269,656	54
Charleston - Huntington	267,534	55
Little Rock	265,319	56
Harrisburg - York - Lancaster - Lebanon	259,724	57
Austin, Tex.	258,165	58
Mobile - Pensacola	258,029	59
Toledo	253,960	60
Flint - Saginaw - Bay City	253,664	61
Lexington	251,301	62
Fresno - Visalia	248,594	63
Portland - Poland Spring	228,993	64
West Palm Beach - Ft. Pierce - Vero Beach	225,986	65
Palm Springs	215,060	66
Omaha	211,038	67
Roanoke - Lynchburg	210,483	68
Des Moines	206,301	69
Wilkes-Barre - Scranton	189,848	70
Albany - Schenectady - Troy	189,213	71
Springfield - Decatur - Champaign	188,967	72
Columbia, S.C.	182,154	73
Evansville	178,422	74
Chattanooga	177,687	75
Shreveport - Texarkana	176,988	76
Davenport - Rock Island - Moline	175,334	77
Savannah	168,158	78
Charleston, S.C.	167,654	79
South Bend - Elkhart	167,609	80
Huntsville - Decatur - Florence	167,061	81
Rochester, N.Y.	165,297	82
Paducah - Cape Girardeau - Harrisburg - Marion	163,727	83
Baton Rouge	160,699	84
Tucson	157,251	85
Cedar Rapids - Waterloo - Dubuque	156,761	86
Green Bay	155,143	87
Madison	150,549	88
Youngstown	148,991	89
Syracuse	145,641	90
Santa Barbara - Santa Maria - San Luis Obispo	144,793	91
Spokane	144,438	92
Bristol - Kingsport - Johnson City	143,911	93
Waco - Temple	143,381	94
Las Vegas	143,142	95
Springfield, Mo.	142,749	96
Lincoln - Hastings - Kearney	139,114	97
Lansing	138,775	98
El Paso	137,067	99
Greenville - New Bern - Washington	136,413	100
Florence, S.C.	135,932	101
Jackson, Miss.	135,505	102
Salinas - Monterey	133,292	103
Corpus Christi	132,798	104
Bakersfield	126,705	105
Springfield, Mass.	125,529	106
Ft. Myers - Naples	125,076	107
Montgomery - Selma	122,055	108
Odessa - Midland	121,077	109
Burlington - Plattsburgh	120,459	110
Ft. Wayne	119,247	111
Colorado Springs - Pueblo	119,045	112
Amarillo	118,964	113
Augusta	114,806	114
Peoria	112,444	115
McAllen - Brownsville	110,173	116
Topeka	108,400	117
Macon	108,158	118
Columbus, Ga.	106,436	119
Eugene	104,770	120
Wichita Falls - Lawton	102,248	121
Tyler - Longview	101,154	122
Tallahassee - Thomasville	100,716	123
Lafayette, La.	97,565	124
Johnstown - Altoona	95,569	125
Wilmington	90,731	126
Ft. Smith	90,025	127
Biloxi - Gulfport - Pascagoula	89,999	128
Fargo	89,011	129
Sioux Falls - Mitchell	88,909	130
Salisbury	86,772	131
Reno	85,871	132
Albany, Ga.	85,857	133
Beaumont - Port Arthur	85,433	134
Terre Haute	83,906	135
Boise	81,156	136
Joplin - Pittsburg	80,455	137
Traverse City - Cadillac	80,086	138
Erie	79,412	139
Rockford	79,217	140
Lubbock	77,860	141
Yakima	75,521	142
Wheeling - Steubenville	73,774	143
Chico - Redding	72,929	144
Columbia - Jefferson City	70,575	145
Abilene - Sweetwater	70,436	146
Sioux City	70,321	147
Duluth - Superior	68,168	148
La Crosse - Eau Claire	67,812	149
Bluefield - Beckley - Oak Hill	63,295	150
Bangor	63,002	151
Rochester - Mason City - Austin	61,286	152
Minot - Bismarck - Dickinson	60,457	153
Medford	59,683	154
Monroe - El Dorado	59,193	155
Dothan	56,306	156
Binghamton	56,196	157
Wausau - Rhinelander	54,829	158
Quincy - Hannibal	54,471	159
Columbus - Tupelo	53,428	160
Sarasota	52,580	161
Utica	49,569	162
Gainesville	48,224	163
Laurel - Hattiesburg	47,842	164
Panama City	44,721	165
Clarksburg - Weston	44,255	166
Billings - Hardin	42,152	167
Idaho Falls - Pocatello	41,639	168
Jonesboro	39,951	169
Bowling Green	38,052	170
Parkersburg	37,466	171
Rapid City	36,968	172
San Angelo	36,721	173
Greenwood - Greenville	36,405	174
Lafayette, Ind.	35,247	175
Charlottesville	34,779	176
Cheyenne - Scottsbluff - Sterling	34,313	177
Tuscaloosa	34,086	178
Ardmore - Ada	33,174	179
Lake Charles	32,504	180
Lima	32,422	181
El Centro - Yuma	32,217	182
Roswell	32,185	183
Alexandria, La.	30,670	184
Meridian	30,252	185
Laredo	30,056	186
Flagstaff	29,592	187
Jackson, Tenn.	29,494	188
Elmira	29,459	189
Watertown - Carthage	29,355	190
Eureka	29,291	191
Casper - Riverton	29,026	192
St. Joseph	28,481	193
Grand Junction	27,341	194
Missoula	26,431	195
Harrisonburg	24,444	196
Great Falls	22,833	197
Butte	19,943	198
Anniston	18,530	199
Zanesville	17,059	200
Victoria	16,723	201
Marquette	16,400	202
Twin Falls	14,931	203
Hagerstown	13,485	204
Ottumwa - Kirksville	13,158	205
Bend	13,081	206
Presque Isle	12,008	207
Mankato	11,463	208
North Platte	11,304	209
Helena	8,843	210
Alpena	3,907	211
Glendive	2,815	212
Total U.S. ADIs	52,833,887	

RESTAURANT SALES BY MARKET, 1987

ADI Name	Sales	Rank
New York	6,152,591	1
Los Angeles	5,018,841	2
Boston	2,811,171	3
San Francisco	2,792,029	4
Chicago	2,581,733	5
Philadelphia	1,951,322	6
Washington, D.C.	1,453,076	7
Detroit	1,381,335	8
Miami	1,312,229	9
Seattle - Tacoma	1,263,176	10
Minneapolis - St. Paul	1,202,067	11
Dallas - Ft. Worth	1,153,940	12
Houston	1,094,643	13
Denver	1,092,833	14
Cleveland	1,083,963	15
Atlanta	949,032	16
San Diego	930,886	17
Hartford - New Haven	902,753	18
Sacramento - Stockton	852,739	19
Tampa - St. Petersburg	808,138	20
Phoenix	731,134	21
Portland, Ore.	708,580	22
Orlando - Daytona Beach - Melbourne	693,511	23
Pittsburgh	677,495	24
St. Louis	674,387	25
Milwaukee	632,603	26
Baltimore	575,271	27
Providence - New Bedford	545,662	28
Cincinnati	539,729	29
Indianapolis	520,411	30
Kansas City	515,297	31
West Palm Beach - Ft. Pierce - Vero Beach	495,135	32
New Orleans	456,501	33
Columbus, Ohio	431,767	34
Grand Rapids - Kalamazoo - Battle Creek	408,532	35
Norfolk - Portsmouth - Newport News - Hampton	407,524	36
Buffalo	384,404	37
Oklahoma City	383,899	38
Portland - Poland Spring	381,794	39
Harrisburg - York - Lancaster - Lebanon	365,831	40
Nashville	360,252	41
Salt Lake City	349,883	42
Albany - Schenectady - Troy	346,042	43
Charlotte	344,204	44
Raleigh - Durham	335,786	45
Toledo	318,023	46
San Antonio	317,376	47
Albuquerque	309,414	48
Flint - Saginaw - Bay City	299,614	49
Palm Springs	295,504	50
Santa Barbara - Santa Maria - San Luis Obispo	294,703	51
Fresno - Visalia	287,825	52
Rochester, N.Y.	285,619	53
Greensboro - Winston-Salem - High Point	280,972	54
Louisville	276,441	55
Dayton	276,399	56
Greenville - Spartanburg - Asheville	274,724	57
Green Bay	266,658	58
Madison	265,980	59
Jacksonville	262,008	60
Springfield, Mass.	257,038	61
Knoxville	255,383	62
Austin, Tex.	254,751	63
Omaha	254,735	64
Burlington - Plattsburgh	251,847	65
Richmond	239,271	66
Syracuse	236,904	67
Salinas - Monterey	233,493	68
Memphis	231,906	69
Des Moines	229,018	70
Wichita - Hutchinson	228,853	71
Wilkes-Barre - Scranton	228,163	72
Spokane	212,160	73
Las Vegas	208,200	74
Springfield - Decatur - Champaign	205,712	75
Tulsa	203,898	76
Mobile - Pensacola	201,898	77
Tucson	196,917	78
Ft. Myers - Naples	192,996	79
South Bend - Elkhart	186,677	80
Cedar Rapids - Waterloo - Dubuque	180,963	81
Roanoke - Lynchburg	178,484	82
Lincoln - Hastings - Kearney	170,443	83
Davenport - Rock Island - Moline	168,285	84
Ft. Wayne	163,786	85
Lexington	162,139	86
Little Rock	161,902	87
Birmingham	161,160	88
Charleston - Huntington	155,155	89
Sioux Falls - Mitchell	155,058	90
Bakersfield	151,711	91
Lansing	150,781	92
Colorado Springs - Pueblo	145,504	93
Reno	142,044	94
Youngstown	141,057	95
Sarasota	140,020	96
Shreveport - Texarkana	138,368	97
Chattanooga	137,421	98
Fargo	135,004	99
Peoria	134,084	100
Columbia, S.C.	132,070	101
Waco - Temple	131,821	102
Duluth - Superior	129,301	103
Evansville	127,203	104
Eugene	126,589	105
Yakima	126,168	106
Savannah	124,674	107
La Crosse - Eau Claire	124,598	108
Paducah - Cape Girardeau - Harrisburg - Marion	123,656	109
Charleston, S.C.	122,051	110
El Paso	121,738	111
Florence, S.C.	121,414	112
Springfield, Mo.	119,173	113
Wausau - Rhinelander	116,003	114
Chico - Redding	115,599	115
Traverse City - Cadillac	115,383	116
Salisbury	114,943	117
Johnstown - Altoona	114,126	118
Corpus Christi	113,483	119
Boise	112,937	120
Odessa - Midland	107,418	121
Tallahassee - Thomasville	106,519	122
Amarillo	105,492	123
Baton Rouge	99,354	124
Huntsville - Decatur - Florence	98,733	125
McAllen - Brownsville	97,714	126
Rochester - Mason City - Austin	95,963	127
Greenville - New Bern - Washington	93,016	128
Rockford	92,461	129
Jackson, Miss.	90,934	130
Bangor	89,441	131
Medford	88,862	132
Minot - Bismarck - Dickinson	88,841	133
Tyler - Longview	88,490	134
Topeka	87,422	135
Erie	86,496	136
Binghamton	86,474	137
Sioux City	85,369	138
Wichita Falls - Lawton	83,992	139
Beaumont - Port Arthur	80,971	140
Utica	77,882	141
Bristol - Kingsport - Johnson City	77,666	142
Lafayette, La.	75,888	143
Macon	72,267	144
Terre Haute	70,709	145
Gainesville	69,260	146
Billings - Hardin	68,172	147
Joplin - Pittsburg	67,453	148
Columbia - Jefferson City	67,299	149
Lubbock	65,858	150
Augusta	65,746	151
Columbus, Ga.	64,957	152
Wilmington	63,630	153
Panama City	63,442	154
Montgomery - Selma	63,131	155
Rapid City	62,829	156
Wheeling - Steubenville	61,440	157
Grand Junction	61,123	158
Biloxi - Gulfport - Pascagoula	60,351	159
Abilene - Sweetwater	59,886	160
Idaho Falls - Pocatello	58,102	161
Ft. Smith	54,699	162
Albany, Ga.	53,414	163
Quincy - Hannibal	49,642	164
El Centro - Yuma	49,551	165
Eureka	48,086	166
Cheyenne - Scottsbluff - Sterling	47,569	167
Elmira	47,500	168
Missoula	45,792	169
Flagstaff	43,250	170
Monroe - El Dorado	42,476	171
Watertown - Carthage	41,990	172
Bluefield - Beckley - Oak Hill	40,783	173
Casper - Riverton	38,308	174
Great Falls	37,783	175
Butte	34,548	176
Roswell	33,909	177
Lima	33,667	178
San Angelo	33,322	179
Charlottesville	32,964	180
Lafayette, Ind.	31,544	181
Columbus - Tupelo	31,151	182
Dothan	30,809	183
Parkersburg	29,552	184
Clarksburg - Weston	28,176	185
Laurel - Hattiesburg	28,142	186
Laredo	27,993	187
St. Joseph	27,507	188
Lake Charles	27,262	189
Jackson, Tenn.	25,099	190
Alexandria, La.	24,331	191
Ardmore - Ada	24,115	192
Marquette	24,012	193
Greenwood - Greenville	21,403	194
Twin Falls	20,935	195
Jonesboro	20,791	196
Mankato	19,710	197
Bowling Green	19,282	198
Bend	18,867	199
Tuscaloosa	18,624	200
Harrisonburg	17,176	201
Presque Isle	17,057	202
Meridian	17,055	203
Victoria	15,705	204
Helena	15,323	205
Zanesville	14,943	206
North Platte	14,377	207
Hagerstown	14,264	208
Ottumwa - Kirksville	13,555	209
Anniston	10,125	210
Alpena	5,627	211
Glendive	4,873	212
Total U.S. ADIs	68,101,201	

RAI BY MARKET, 1987

ADI Name	RAI	Rank
Flagstaff	148	1
Lafayette, Ind.	147	2
Salisbury	147	2
San Francisco	139	4
Boston	137	5
San Diego	132	6
Los Angeles	128	7
Miami	128	7
Panama City	126	9
Salinas - Monterey	126	9
Santa Barbara - Santa Maria - San Luis Obispo	126	9
Lima	122	12
Portland, Ore.	121	13
Chicago	120	14
Atlanta	119	15
Madison	119	15
Sarasota	116	17
Washington, D.C.	116	17
Seattle - Tacoma	114	19
Columbus, Ohio	113	20
Denver	113	20
North Platte	113	20
Indianapolis	112	23
Norfolk - Portsmouth - Newport News - Hampton	112	23
Biloxi - Gulfport - Pascagoula	111	25
Detroit	111	25
Grand Rapids - Kalamazoo - Battle Creek	111	25
Kansas City	111	25
Minneapolis - St. Paul	111	25
Cheyenne - Scottsbluff - Sterling	110	30
Orlando - Daytona Beach - Melbourne	110	30
Lexington	109	32
Hartford - New Haven	108	33
Flint - Saginaw - Bay City	107	34
Jacksonville	107	34
Lincoln - Hastings - Kearney	107	34
Austin, Tex.	106	37
Florence, S.C.	105	38
Toledo	105	38
Cincinnati	104	40
Lansing	104	40
Louisville	104	40
Omaha	104	40
Milwaukee	103	44
Oklahoma City	103	44
St. Louis	103	44
Baltimore	102	47
Bowling Green	102	47
Cleveland	102	47
Ft. Wayne	102	47
Green Bay	102	47
Greensboro - Winston-Salem - High Point	102	47
Sacramento - Stockton	102	47
El Paso	101	54
South Bend - Elkhart	101	54
Dallas - Ft. Worth	100	5'
Dayton	100	56
West Palm Beach - Ft. Pierce - Vero Beach	100	56
Springfield, Mass.	99	59
Knoxville	98	60
Portland - Poland Spring	98	60
Tucson	98	60
Bakersfield	97	63
Charleston, S.C.	97	63
Colorado Springs - Pueblo	97	63
Columbia, S.C.	97	63
Springfield - Decatur - Champaign	97	63
Eugene	96	68
La Crosse - Eau Claire	96	68
Las Vegas	96	68
New York	96	68
Parkersburg	96	68
Rapid City	96	68
Topeka	96	68
Zanesville	96	68
Mobile - Pensacola	95	76
Peoria	95	76
Rockford	95	76
Davenport - Rock Island - Moline	94	79
Gainesville	94	79
Raleigh - Durham	94	79
Albuquerque	93	82
Bend	93	82
Fargo	93	82
Houston	93	82
Savannah	93	82
Tampa - St. Petersburg	93	82
Cedar Rapids - Waterloo - Dubuque	92	88
Huntsville - Decatur - Florence	92	88
Nashville	92	88
New Orleans	92	88
Palm Springs	92	88
Providence - New Bedford	92	88
Tulsa	92	88
Wichita - Hutchinson	90	95
Casper - Riverton	89	96
Charlottesville	89	96
Columbia - Jefferson City	89	96
Ft. Myers - Naples	89	96
Phoenix	89	96
Wichita Falls - Lawton	89	96
Youngstown	89	96
Boise	88	103
Erie	88	103
Mankato	88	103
Philadelphia	88	103
Sioux Falls - Mitchell	88	103
Traverse City - Cadillac	88	103
Columbus, Ga.	86	109
Duluth - Superior	86	109
Fresno - Visalia	86	109
Harrisonburg	86	109
Memphis	86	109
Montgomery - Selma	86	109
Tallahassee - Thomasville	86	109
Waco - Temple	86	109
Glendive	85	117
Wausau - Rhinelander	85	117
Butte	84	119
Greenville - New Bern - Washington	84	119
Helena	84	119
Jackson, Tenn.	84	119
Medford	84	119
Wilmington	84	119
Des Moines	83	125
Evansville	83	125
Ft. Smith	83	125
Birmingham	82	128
Great Falls	82	128
Reno	82	128
Rochester, N.Y.	82	128
San Angelo	82	128
Burlington - Plattsburgh	81	133
Richmond	81	133
Roanoke - Lynchburg	81	133
Rochester - Mason City - Austin	81	133
Charlotte	80	137
Grand Junction	80	137
Yakima	80	137
Billings - Hardin	79	140
Ottumwa - Kirksville	79	140
Pittsburgh	79	140
St. Joseph	79	140
Sioux City	79	140
Amarillo	78	145
Anniston	78	145
Bangor	78	145
Greenville - Spartanburg - Asheville	78	145
Jonesboro	78	145
San Antonio	78	145
Spokane	78	145
Terre Haute	78	145
Minot - Bismarck - Dickinson	77	153
Odessa - Midland	77	153
Springfield, Mo.	77	153
Twin Falls	77	153
Chico - Redding	76	157
Corpus Christi	76	157
Harrisburg - York - Lancaster - Lebanon	76	157
Macon	76	157
Roswell	76	157
Tuscaloosa	76	157
Albany, Ga.	75	163
Ardmore - Ada	75	163
Dothan	75	163
Elmira	75	163
Eureka	75	163
Lubbock	75	163
Paducah - Cape Girardeau - Harrisburg - Marion	74	169
Syracuse	74	169
Chattanooga	73	171
Jackson, Miss.	73	171
Joplin - Pittsburg	73	171
Lafayette, La.	73	171
Little Rock	73	171
Missoula	73	171
Salt Lake City	73	171
Buffalo	72	178
El Centro - Yuma	72	178
Quincy - Hannibal	72	178
Tyler - Longview	72	178
Wheeling - Steubenville	72	178
Abilene - Sweetwater	71	183
Charleston - Huntington	71	183
Laurel - Hattiesburg	71	183
Bristol - Kingsport - Johnson City	69	186
McAllen - Brownsville	68	187
Watertown - Carthage	68	187
Wilkes-Barre - Scranton	68	187
Augusta	67	190
Baton Rouge	67	190
Utica	67	190
Idaho Falls - Pocatello	66	193
Victoria	66	193
Albany - Schenectady - Troy	65	195
Beaumont - Port Arthur	65	195
Alexandria, La.	64	197
Greenwood - Greenville	63	198
Johnstown - Altoona	62	199
Meridian	62	199
Shreveport - Texarkana	62	199
Clarksburg - Weston	61	202
Presque Isle	61	202
Binghamton	60	204
Hagerstown	60	204
Laredo	59	206
Marquette	57	207
Alpena	56	208
Monroe - El Dorado	53	209
Lake Charles	51	210
Bluefield - Beckley - Oak Hill	50	211
Columbus - Tupelo	45	212
Total U.S. ADIs	99	

RGI BY MARKET, 1987

ADI Name	RGI	Rank
Las Vegas	562	1
Reno	363	2
Philadelphia	137	3
Flagstaff	134	4
Orlando - Daytona Beach - Melbourne	127	5
Washington, D.C.	126	6
Charleston, S.C.	122	7
Jacksonville	117	8
Baton Rouge	115	9
Augusta	114	10
Jackson, Miss.	114	10
Louisville	114	10
Houston	112	13
Tallahassee - Thomasville	112	13
Hagerstown	110	15
Harrisburg - York - Lancaster - Lebanon	110	15
Lexington	110	15
Memphis	110	15
Savannah	110	15
Baltimore	109	20
Dallas - Ft. Worth	109	20
Miami	109	20
Montgomery - Selma	109	20
Atlanta	108	24
Bluefield - Beckley - Oak Hill	108	24
Bowling Green	108	24
Chicago	108	24
Glendive	108	24
Grand Junction	108	24
Phoenix	108	24
West Palm Beach - Ft. Pierce - Vero Beach	108	24
Bristol - Kingsport - Johnson City	107	32
Columbia, S.C.	107	32
Los Angeles	107	32
Roanoke - Lynchburg	107	32
San Diego	107	32
Kansas City	106	37
Minneapolis - St. Paul	106	37
New Orleans	106	37
Richmond	106	37
Boston	105	41
Knoxville	105	41
Laredo	105	41
St. Louis	105	41
Alexandria, La.	104	45
Nashville	104	45
Charlotte	103	47
Huntsville - Decatur - Florence	103	47
Lake Charles	103	47
New York	103	47
Norfolk - Portsmouth - Newport News - Hampton	103	47
Salt Lake City	103	47
Biloxi - Gulfport - Pascagoula	102	53
Lansing	102	53
Detroit	101	55
Florence, S.C.	101	55
Harrisonburg	101	55
Lafayette, Ind.	101	55
Macon	101	55
San Francisco	101	55
Birmingham	100	61
Charlottesville	100	61
Greensboro - Winston-Salem - High Point	100	61
Mobile - Pensacola	100	61
Raleigh - Durham	100	61
Beaumont - Port Arthur	99	66
Cincinnati	99	66
Tampa - St. Petersburg	99	66
Albany, Ga.	98	69
Denver	98	69
Grand Rapids - Kalamazoo - Battle Creek	98	69
Milwaukee	98	69
Omaha	98	69
Binghamton	97	74
Columbus, Ohio	97	74
Evansville	97	74
Hartford - New Haven	97	74
Rochester, N.Y.	97	74
Springfield - Decatur - Champaign	97	74
Twin Falls	97	74
Boise	96	81
Gainesville	96	81
Palm Springs	96	81
Chattanooga	95	84
Cleveland	95	84
Columbus, Ga.	95	84
Dothan	95	84
El Paso	95	84
Meridian	95	84
North Platte	95	84
Casper - Riverton	94	91
Flint - Saginaw - Bay City	94	91
Peoria	94	91
Columbus - Tupelo	93	94
Greenville - Spartanburg - Asheville	93	94
Anniston	91	96
Indianapolis	91	96
Lafayette, La.	91	96
Pittsburgh	91	96
Presque Isle	91	96
Seattle - Tacoma	91	96
Charleston - Huntington	90	102
Parkersburg	90	102
Tucson	90	102
Tuscaloosa	90	102
Albuquerque	89	106
Bakersfield	89	106
Panama City	89	106
Rockford	89	106
Syracuse	89	106
Dayton	88	111
Idaho Falls - Pocatello	88	111
Madison	88	111
Salinas - Monterey	88	111
Springfield, Mass.	88	111
Ft. Wayne	87	116
Jackson, Tenn.	87	116
Little Rock	87	116
Monroe - El Dorado	87	116
Austin, Tex.	86	120
Burlington - Plattsburgh	86	120
Greenville - New Bern - Washington	86	120
Minot - Bismarck - Dickinson	86	120
Portland, Ore.	86	120
Shreveport - Texarkana	86	120
Elmira	85	126
Ft. Myers - Naples	85	126
Green Bay	85	126
Lincoln - Hastings - Kearney	85	126
San Antonio	85	126
Santa Barbara - Santa Maria - San Luis Obispo	85	126
Providence - New Bedford	84	132
Wilmington	84	132
Colorado Springs - Pueblo	83	134
Lima	83	134
McAllen - Brownsville	83	134
Portland - Poland Spring	83	134
Rochester - Mason City - Austin	83	134
Toledo	83	134
Cheyenne - Scottsbluff - Sterling	82	140
Columbia - Jefferson City	82	140
Des Moines	82	140
Erie	82	140
Fresno - Visalia	82	140
Davenport - Rock Island - Moline	81	145
Sacramento - Stockton	81	145
St. Joseph	81	145
Yakima	81	145
Cedar Rapids - Waterloo - Dubuque	80	149
Corpus Christi	80	149
Sarasota	80	149
Albany - Schenectady - Troy	79	152
Greenwood - Greenville	79	152
Roswell	79	152
Salisbury	79	152
Topeka	79	152
Youngstown	78	157
Billings - Hardin	77	158
Clarksburg - Weston	77	158
Johnstown - Altoona	77	158
La Crosse - Eau Claire	77	158
Wilkes-Barre - Scranton	77	158
Buffalo	76	163
Rapid City	76	163
South Bend - Elkhart	76	163
Terre Haute	76	163
Tulsa	76	163
Wheeling - Steubenville	76	163
El Centro - Yuma	75	169
Laurel - Hattiesburg	75	169
Odessa - Midland	75	169
Spokane	75	169
Waco - Temple	75	169
Helena	74	174
Bangor	73	175
Fargo	72	176
Paducah - Cape Girardeau - Harrisburg - Marion	72	176
Wausau - Rhinelander	72	176
Butte	71	179
Ft. Smith	71	179
Great Falls	71	179
Quincy - Hannibal	71	179
Sioux Falls - Mitchell	71	179
Springfield, Mo.	71	179
Wichita - Hutchinson	71	179
Chico - Redding	70	186
Jonesboro	70	186
Lubbock	70	186
Oklahoma City	70	186
Utica	70	186
Wichita Falls - Lawton	69	191
Duluth - Superior	68	192
Tyler - Longview	68	192
Zanesville	67	194
Alpena	66	195
Eureka	66	195
Victoria	65	197
Watertown - Carthage	65	197
Sioux City	64	199
Amarillo	63	200
Eugene	63	200
Marquette	63	200
Missoula	63	200
Traverse City - Cadillac	63	200
Ardmore - Ada	62	205
Bend	62	205
Mankato	62	205
Ottumwa - Kirksville	62	205
San Angelo	62	205
Abilene - Sweetwater	59	210
Joplin - Pittsburg	58	211
Medford	57	212
Total U.S. ADIs	100	

For more information on Castle Pride (sectional) circle number 157 →

POPULATION PER UNIT BY MARKET, 1987

ADI Name	Pop. per Unit	Rank
Alexandria, La.	1,444	1
Bluefield - Beckley - Oak Hill	1,381	2
Augusta	1,293	3
Bristol - Kingsport - Johnson City	1,290	4
Montgomery - Selma	1,287	5
Columbus - Tupelo	1,284	6
Monroe - El Dorado	1,275	7
Jackson, Miss.	1,267	8
Laredo	1,267	8
Meridian	1,240	10
McAllen - Brownsville	1,223	11
Dothan	1,217	12
Baton Rouge	1,202	13
Bowling Green	1,191	14
Lake Charles	1,184	15
Greenwood - Greenville	1,178	16
Charleston - Huntington	1,177	17
Birmingham	1,167	18
Columbus, Ga.	1,150	19
Huntsville - Decatur - Florence	1,140	20
Lexington	1,139	21
Twin Falls	1,126	22
Shreveport - Texarkana	1,120	23
Charleston, S.C.	1,117	24
Anniston	1,115	25
Memphis	1,114	26
Louisville	1,113	27
El Paso	1,100	28
Albany, Ga.	1,089	29
Beaumont - Port Arthur	1,082	30
Lafayette, La.	1,082	30
Tallahassee - Thomasville	1,066	32
Columbia, S.C.	1,056	33
Presque Isle	1,047	34
Clarksburg - Weston	1,041	35
Greenville - New Bern - Washington	1,039	36
Macon	1,036	37
Hagerstown	1,034	38
Flint - Saginaw - Bay City	1,019	39
Johnstown - Altoona	1,019	39
Jackson, Tenn.	1,009	41
Palm Springs	1,006	42
Tuscaloosa	1,006	42
Nashville	1,004	44
Idaho Falls - Pocatello	1,001	45
Mobile - Pensacola	999	46
Evansville	995	47
Binghamton	990	48
Knoxville	985	49
Lansing	983	50
Pittsburgh	977	51
Roanoke - Lynchburg	976	52
Salt Lake City	976	52
Chattanooga	975	54
Baltimore	971	55
St. Louis	968	56
Grand Rapids - Kalamazoo - Battle Creek	967	57
Savannah	958	58
Springfield - Decatur - Champaign	956	59
Laurel - Hattiesburg	955	60
Terre Haute	953	61
Waco - Temple	952	62
Parkersburg	950	63
Biloxi - Gulfport - Pascagoula	949	64
Paducah - Cape Girardeau - Harrisburg - Marion	947	65
New Orleans	944	66
Wilmington	942	67
Little Rock	941	68
Detroit	940	69
Omaha	940	69
Quincy - Hannibal	937	71
Jonesboro	934	72
Philadelphia	934	72
Elmira	932	74
Jacksonville	930	75
Greenville - Spartanburg - Asheville	929	76
Harrisburg - York - Lancaster - Lebanon	929	76
Raleigh - Durham	928	78
Wheeling - Steubenville	927	79
Fresno - Visalia	924	80
Wilkes-Barre - Scranton	923	81
Chicago	921	82
Richmond	919	83
Charlotte	914	84
Youngstown	913	85
Cleveland	912	86
Greensboro - Winston-Salem - High Point	912	86
Las Vegas	909	88
Bakersfield	908	89
Cincinnati	908	89
Houston	907	91
Kansas City	907	91
Columbia - Jefferson City	906	93
Harrisonburg	904	94
Marquette	904	94
Tampa - St. Petersburg	904	94
Peoria	902	97
Tucson	894	98
Phoenix	893	99
Norfolk - Portsmouth - Newport News - Hampton	891	100
Ardmore - Ada	890	101
Rockford	888	102
Minneapolis - St. Paul	885	103
Washington, D.C.	882	104
Los Angeles	879	105
West Palm Beach - Ft. Pierce - Vero Beach	877	106
Erie	872	107
New York	866	108
Corpus Christi	865	109
Milwaukee	865	109
St. Joseph	864	111
San Antonio	864	111
Davenport - Rock Island - Moline	862	113
Columbus, Ohio	859	114
Dayton	859	114
Lafayette, Ind.	859	114
Boise	858	117
Orlando - Daytona Beach - Melbourne	852	118
Roswell	852	118
Albuquerque	851	120
Green Bay	851	120
Minot - Bismarck - Dickinson	851	120
Rochester, N.Y.	849	123
San Diego	849	123
Ft. Smith	845	125
Dallas - Ft. Worth	842	126
Lincoln - Hastings - Kearney	842	126
Cedar Rapids - Waterloo - Dubuque	841	128
Syracuse	840	129
Alpena	838	130
Ft. Wayne	838	130
Ottumwa - Kirksville	836	132
Tyler - Longview	836	132
El Centro - Yuma	835	134
Yakima	834	135
Springfield, Mass.	831	136
Spokane	827	137
Lubbock	826	138
Indianapolis	825	139
La Crosse - Eau Claire	823	140
Toledo	823	140
Wichita Falls - Lawton	823	140
Panama City	821	143
Atlanta	820	144
Colorado Springs - Pueblo	813	145
Tulsa	813	145
Springfield, Mo.	812	147
Gainesville	811	148
Rochester - Mason City - Austin	804	149
Fargo	801	150
Ft. Myers - Naples	799	151
Abilene - Sweetwater	797	152
Des Moines	797	152
Sacramento - Stockton	797	152
North Platte	795	155
Glendive	794	156
Zanesville	791	157
Hartford - New Haven	789	158
Utica	788	159
Buffalo	787	160
Topeka	786	161
Watertown - Carthage	786	161
Odessa - Midland	785	163
Wausau - Rhinelander	782	164
Providence - New Bedford	779	165
Seattle - Tacoma	779	165
South Bend - Elkhart	776	167
Victoria	771	168
Sioux City	768	169
Chico - Redding	766	170
Miami	735	171
Sioux Falls - Mitchell	763	172
Portland, Ore.	761	173
Joplin - Pittsburg	754	174
Lima	753	175
Rapid City	752	176
Reno	750	177
Madison	745	178
Boston	740	179
Austin, Tex.	739	180
Grand Junction	738	181
Casper - Riverton	732	182
Denver	731	183
Bangor	729	184
Florence, S.C.	724	185
Duluth - Superior	721	186
Sarasota	718	187
San Angelo	716	188
Albany - Schenectady - Troy	710	189
Burlington - Plattsburgh	709	190
Amarillo	705	191
Oklahoma City	699	192
Cheyenne - Scottsbluff - Sterling	696	193
Great Falls	690	194
Salinas - Monterey	686	195
San Francisco	686	195
Wichita - Hutchinson	685	197
Charlottesville	670	198
Medford	664	199
Billings - Hardin	660	200
Mankato	659	201
Eugene	648	202
Portland - Poland Spring	648	202
Traverse City - Cadillac	643	204
Missoula	640	205
Flagstaff	638	206
Helena	632	207
Santa Barbara - Santa Maria - San Luis Obispo	632	207
Butte	617	209
Bend	611	210
Eureka	577	211
Salisbury	564	212
Total U.S. ADIs	874	

PER CAPITA EATING PLACE SALES BY MARKET, 1987

ADI Name	Per Capita Sales	Rank
Salisbury	896	1
Boston	890	2
San Francisco	876	3
Flagstaff	855	4
Santa Barbara - Santa Maria - San Luis Obispo	844	5
Sarasota	825	6
Miami	773	7
Charlottesville	750	8
Portland - Poland Spring	740	9
Denver	736	10
Washington, D.C.	724	11
San Diego	721	12
Los Angeles	716	13
Hartford - New Haven	705	14
Atlanta	702	15
West Palm Beach - Ft. Pierce - Vero Beach	694	16
Seattle - Tacoma	689	17
Las Vegas	668	18
Cheyenne - Scottsbluff - Sterling	662	19
Orlando - Daytona Beach - Melbourne	661	20
Springfield, Mass.	658	21
Providence - New Bedford	657	22
Lima	653	23
Florence, S.C.	645	24
Odessa - Midland	643	25
Austin, Tex.	639	26
Oklahoma City	637	27
Reno	636	28
New Orleans	635	29
Ft. Myers - Naples	629	30
Madison	628	31
Dallas - Ft. Worth	627	32
Salinas - Monterey	627	32
Houston	623	34
San Angelo	615	35
Lafayette, Ind.	612	36
Portland, Ore.	608	37
Glendive	604	38
New York	599	39
Sacramento - Stockton	598	40
Gainesville	596	41
Kansas City	596	41
Minneapolis - St. Paul	593	43
Tampa - St. Petersburg	593	43
Burlington - Plattsburgh	592	45
Chicago	592	45
Roswell	592	45
Eureka	590	48
Detroit	588	49
Panama City	586	50
Toledo	536	50
Indianapolis	585	52
Bakersfield	583	53
Cincinnati	579	54
Columbus, Ohio	579	54
Greensboro - Winston-Salem - High Point	579	54
Casper - Riverton	578	57
Phoenix	570	58
Cleveland	569	59
North Platte	569	59
Charleston, S.C.	568	61
Norfolk - Portsmouth - Newport News - Hampton	568	61
Palm Springs	566	63
Milwaukee	554	64
St. Louis	554	64
Rochester, N.Y.	553	66
Baltimore	552	67
Philadelphia	545	68
Grand Junction	543	69
Omaha	541	70
Biloxi - Gulfport - Pascagoula	539	71
Knoxville	536	72
Helena	534	73
Mankato	532	74
Bangor	530	75
Laredo	529	76
Jacksonville	528	77
Dayton	525	78
Louisville	525	78
Tucson	520	80
Chico - Redding	517	81
Corpus Christi	516	82
Savannah	514	83
Lincoln - Hastings - Kearney	512	84
Topeka	511	85
Lansing	510	86
Bowling Green	508	87
Amarillo	507	88
Eugene	507	88
Flint - Saginaw - Bay City	505	90
Richmond	504	91
Des Moines	503	92
Lexington	503	92
St. Joseph	500	94
Albuquerque	499	95
San Antonio	499	95
Wichita - Hutchinson	499	95
Victoria	498	98
Colorado Springs - Pueblo	497	99
Springfield - Decatur - Champaign	496	100
Boise	495	101
Charlotte	494	102
Ft. Wayne	494	102
Raleigh - Durham	492	104
South Bend - Elkhart	491	105
Billings - Hardin	488	106
Wichita Falls - Lawton	488	106
Bend	487	108
Traverse City - Cadillac	487	108
Harrisburg - York - Lancaster - Lebanon	484	110
Harrisonburg	482	111
Evansville	476	112
Peoria	475	113
Waco - Temple	475	113
Mobile - Pensacola	474	115
Tulsa	474	115
Parkersburg	473	117
Abilene - Sweetwater	470	118
Grand Rapids - Kalamazoo - Battle Creek	470	118
Davenport - Rock Island - Moline	469	120
Yakima	466	121
Albany - Schenectady - Troy	465	122
Rapid City	465	122
Syracuse	464	124
Tyler - Longview	464	124
Duluth - Superior	463	126
Buffalo	462	127
Rochester - Mason City - Austin	460	128
Greenville - Spartanburg - Asheville	457	129
La Crosse - Eau Claire	457	129
Columbia, S.C.	455	131
Medford	453	132
Rockford	453	132
Green Bay	450	134
Tallahassee - Thomasville	450	134
Butte	448	136
Erie	447	137
Roanoke - Lynchburg	447	137
Fresno - Visalia	446	139
Cedar Rapids - Waterloo - Dubuque	439	140
Spokane	439	140
Wilmington	439	140
Twin Falls	437	143
Youngstown	437	143
Zanesville	437	143
Chattanooga	436	146
El Centro - Yuma	435	147
Pittsburgh	435	147
Sioux Falls - Mitchell	435	147
Lubbock	431	150
Macon	431	150
Nashville	426	152
El Paso	420	153
Beaumont - Port Arthur	417	154
Columbia - Jefferson City	417	154
Lafayette, La.	416	156
Baton Rouge	413	157
Tuscaloosa	413	157
Wausau - Rhinelander	411	159
Fargo	407	160
Minot - Bismarck - Dickinson	404	161
Albany, Ga.	403	162
Greenville - New Bern - Washington	401	163
Memphis	398	164
Great Falls	395	165
Utica	395	165
Missoula	393	167
Sioux City	391	168
Wilkes-Barre - Scranton	387	169
Elmira	386	170
Ft. Smith	386	170
Ottumwa - Kirksville	385	172
Little Rock	384	173
Salt Lake City	382	174
Terre Haute	382	174
McAllen - Brownsville	380	176
Springfield, Mo.	376	177
Huntsville - Decatur - Florence	371	178
Wheeling - Steubenville	370	179
Presque Isle	368	180
Birmingham	365	181
Columbus, Ga.	365	181
Binghamton	363	183
Jonesboro	363	183
Paducah - Cape Girardeau - Harrisburg - Marion	361	185
Lake Charles	359	186
Jackson, Tenn.	356	187
Joplin - Pittsburg	356	187
Quincy - Hannibal	350	189
Charleston - Huntington	347	190
Laurel - Hattiesburg	346	191
Watertown - Carthage	345	192
Montgomery - Selma	344	193
Idaho Falls - Pocatello	338	194
Augusta	336	195
Ardmore - Ada	333	196
Bristol - Kingsport - Johnson City	326	197
Shreveport - Texarkana	324	198
Dothan	322	199
Clarksburg - Weston	314	200
Jackson, Miss.	313	201
Johnstown - Altoona	309	202
Alexandria, La.	288	203
Hagerstown	287	204
Meridian	286	205
Bluefield - Beckley - Oak Hill	276	206
Marquette	275	207
Monroe - El Dorado	263	208
Anniston	262	209
Greenwood - Greenville	262	209
Alpena	242	211
Columbus - Tupelo	209	212
Total U.S. ADIs	568	

PER CAPITA FAST FOOD SALES BY MARKET, 1987

ADI Name	Per Capita Sales	Rank
Salisbury	359	1
Atlanta	335	2
Charlottesville	335	2
Flagstaff	320	4
Bowling Green	313	5
Oklahoma City	300	6
Florence, S.C.	299	7
Odessa - Midland	294	8
Biloxi - Gulfport - Pascagoula	287	9
Lafayette, Ind.	287	9
Lima	287	9
Louisville	283	12
Austin, Tex.	282	13
Greensboro - Winston-Salem - High Point	281	14
San Francisco	279	15
Indianapolis	276	16
Lexington	276	16
San Angelo	276	16
Columbus, Ohio	273	19
Kansas City	270	20
Charleston, S.C.	269	21
Dallas - Ft. Worth	267	22
Charlotte	265	23
Roswell	264	24
Santa Barbara - Santa Maria - San Luis Obispo	264	24
Savannah	262	26
Norfolk - Portsmouth - Newport News - Hampton	260	27
Washington, D.C.	260	27
Topeka	257	29
Dayton	256	30
Knoxville	256	30
Jacksonville	255	32
Sacramento - Stockton	255	32
St. Louis	255	32
Raleigh - Durham	254	35
Portland - Poland Spring	253	36
Evansville	252	37
Cheyenne - Scottsbluff - Sterling	250	38
Orlando - Daytona Beach - Melbourne	250	38
San Diego	250	38
Bakersfield	248	41
Corpus Christi	248	41
Houston	248	41
Los Angeles	248	41
Greenville - Spartanburg - Asheville	246	45
Richmond	245	46
Cincinnati	241	47
Wichita - Hutchinson	241	47
Harrisonburg	239	49
Miami	239	49
Parkersburg	238	51
Amarillo	237	52
New Orleans	237	52
Tulsa	234	54
Tuscaloosa	234	54
Wilmington	234	54
Boston	233	57
Laredo	233	57
Macon	231	59
Wichita Falls - Lawton	231	59
Ft. Myers - Naples	230	61
Toledo	230	61
Columbia, S.C.	229	63
Mobile - Pensacola	229	63
North Platte	229	63
Palm Springs	229	63
Casper - Riverton	228	67
Las Vegas	227	68
Tampa - St. Petersburg	227	68
Chattanooga	226	70
Hartford - New Haven	226	70
Omaha	226	70
Albany, Ga.	225	73
Cleveland	225	73
Denver	225	73
St. Joseph	224	76
Abilene - Sweetwater	223	77
Baltimore	222	78
Lansing	222	78
Greenville - New Bern - Washington	220	80
Seattle - Tacoma	220	80
Detroit	219	82
Reno	218	83
Salinas - Monterey	218	83
Ft. Smith	217	85
Gainesville	217	85
Victoria	217	85
Chicago	216	88
Eureka	216	88
Jonesboro	216	88
Panama City	216	88
Davenport - Rock Island - Moline	215	92
Madison	215	92
Portland, Ore.	215	92
Providence - New Bedford	215	92
San Antonio	215	92
Tyler - Longview	215	92
Eugene	214	98
Des Moines	213	99
Little Rock	213	99
Springfield - Decatur - Champaign	213	99
Lincoln - Hastings - Kearney	211	102
Waco - Temple	211	102
Roanoke - Lynchburg	210	104
South Bend - Elkhart	210	104
Baton Rouge	209	106
Glendive	209	106
Huntsville - Decatur - Florence	209	106
Albuquerque	208	109
Flint - Saginaw - Bay City	208	109
Memphis	206	111
Sarasota	206	111
Tucson	205	113
Columbus, Ga.	203	114
Montgomery - Selma	202	115
Zanesville	202	115
Bangor	199	117
Peoria	199	117
Phoenix	199	117
West Palm Beach - Ft. Pierce - Vero Beach	199	117
Youngstown	199	117
Birmingham	198	122
Charleston - Huntington	198	122
Fresno - Visalia	198	122
Lubbock	198	122
Tallahassee - Thomasville	197	126
Colorado Springs - Pueblo	195	127
Minneapolis - St. Paul	193	128
Columbia - Jefferson City	191	129
Dothan	191	129
Rockford	191	129
Boise	190	132
Milwaukee	190	132
Springfield, Mass.	190	132
El Paso	189	135
Ft. Wayne	189	135
Laurel - Hattiesburg	189	135
Paducah - Cape Girardeau - Harrisburg - Marion	189	135
Erie	188	139
Nashville	188	139
Terre Haute	187	141
Bend	186	142
Philadelphia	186	142
Traverse City - Cadillac	186	142
Bristol - Kingsport - Johnson City	185	145
Cedar Rapids - Waterloo - Dubuque	185	145
Beaumont - Port Arthur	184	147
Chico - Redding	184	147
Helena	184	147
Augusta	181	150
Springfield, Mo.	181	150
Wheeling - Steubenville	181	150
Harrisburg - York - Lancaster - Lebanon	179	153
Mankato	179	153
Clarksburg - Weston	176	155
Jackson, Tenn.	176	155
Billings - Hardin	175	157
Grand Rapids - Kalamazoo - Battle Creek	173	158
Ottumwa - Kirksville	173	158
Rochester, N.Y.	173	158
Joplin - Pittsburg	172	161
Twin Falls	170	162
Burlington - Plattsburgh	169	163
Medford	169	163
Ardmore - Ada	168	165
Lafayette, La.	168	165
Quincy - Hannibal	168	165
Spokane	166	168
Rochester - Mason City - Austin	165	169
Salt Lake City	165	169
Jackson, Miss.	163	171
McAllen - Brownsville	162	172
Meridian	162	172
Sioux City	162	172
El Centro - Yuma	161	175
Yakima	161	175
Buffalo	160	177
Rapid City	159	178
Shreveport - Texarkana	158	179
Pittsburgh	156	180
Butte	155	181
Grand Junction	155	181
Syracuse	154	183
Minot - Bismarck - Dickinson	153	184
Green Bay	152	185
New York	152	185
Bluefield - Beckley - Oak Hill	151	187
Fargo	151	187
Duluth - Superior	150	189
La Crosse - Eau Claire	150	189
Lake Charles	150	189
Anniston	148	192
Sioux Falls - Mitchell	147	193
Wilkes-Barre - Scranton	146	194
Albany - Schenectady - Troy	145	195
Greenwood - Greenville	143	196
Great Falls	141	197
Presque Isle	138	198
Missoula	136	199
Idaho Falls - Pocatello	132	200
Utica	130	201
Binghamton	129	202
Elmira	125	203
Watertown - Carthage	125	203
Wausau - Rhinelander	124	205
Johnstown - Altoona	123	206
Alexandria, La.	117	207
Hagerstown	117	207
Columbus - Tupelo	116	209
Monroe - El Dorado	114	210
Marquette	104	211
Alpena	93	212
Total U.S. ADIs	217	

21ST ANNUAL RGI / ADI RANKING

PER CAPITA RESTAURANT SALES BY MARKET, 1987

ADI Name	Per Capita Sales	Rank
Sarasota	548	1
Santa Barbara - Santa Maria - San Luis Obispo	537	2
Boston	512	3
San Francisco	499	4
Salisbury	475	5
Flagstaff	468	6
West Palm Beach - Ft. Pierce - Vero Beach	435	7
Miami	426	8
Portland - Poland Spring	422	9
Denver	417	10
San Diego	402	11
Los Angeles	396	12
Seattle - Tacoma	393	13
Springfield, Mass.	390	14
Salinas - Monterey	382	15
Madison	380	16
Hartford - New Haven	375	17
Providence - New Bedford	365	18
Glendive	361	19
Reno	360	20
Eureka	355	21
Ft. Myers - Naples	355	21
Burlington - Plattsburgh	353	23
Cheyenne - Scottsbluff - Sterling	347	24
Grand Junction	347	24
Minneapolis - St. Paul	341	26
Orlando - Daytona Beach - Melbourne	340	27
Portland, Ore.	339	28
Washington, D.C.	332	29
New York	331	30
Las Vegas	330	31
Helena	319	32
Charlottesville	318	33
Milwaukee	315	34
Palm Springs	315	34
Gainesville	312	36
Mankato	308	37
Panama City	307	38
Sacramento - Stockton	306	39
Chicago	302	40
Casper - Riverton	301	41
Phoenix	301	41
Rochester, N.Y.	299	43
Lima	298	44
Bakersfield	297	45
Detroit	296	46
Tampa - St. Petersburg	294	47
North Platte	292	48
Chico - Redding	291	49
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Restaurant Business

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OCTOBER 10, 1988

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Pizza Hut
685-5577

COMPANY OF THE YEAR

HOW PIZZA HUT

STEVE REINEMUND,
PRESIDENT AND CEO

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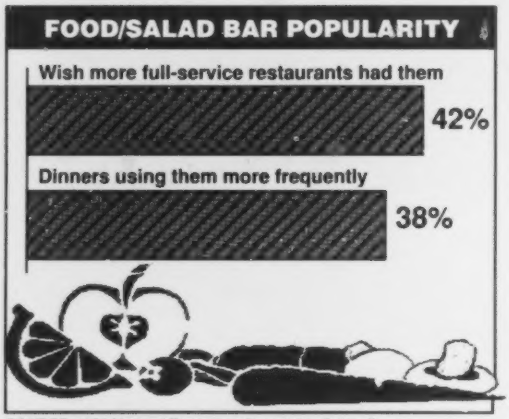
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

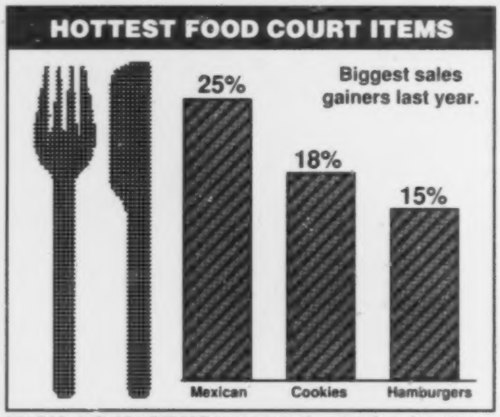
By Howard Riell



SOURCE: 1988 National Restaurant Association Gallup Survey

Self-service Is Still Strong

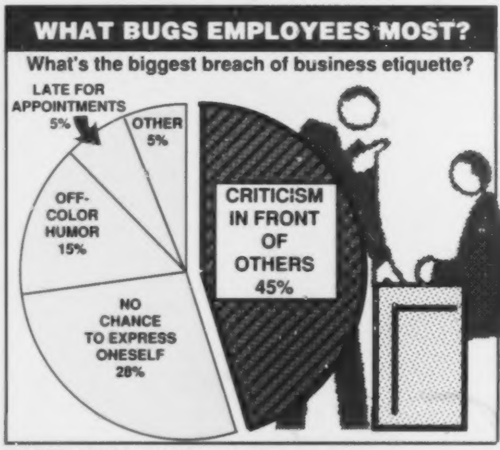
Reports that prepackaged salads have spelled the death of the salad bar, let alone the new expanded food bars, have been greatly exaggerated. As a recent National Restaurant Association Gallup survey shows, people still love stepping up and helping themselves to everything from traditional salad fare to bars offering pasta, soups, and Mexican food and other items. Forty-four percent of respondents said they would try a restaurant they'd never been to if they heard that it had a good salad or food bar. More than seven of 10 wanted desserts on them, as well.



SOURCE: CARLSON REPORT/Centermation Sys. 1988 Food Court Suvey

Hottest Food Court Foods

What sells best in food courts? According to the CARLSON REPORT newsletter, the largest sales gains last year were made by the Mexican, cookie, and burger segments. Sales of seafood, Greek food, and pizza declined by 21.88%, 12.54%, and 8.44%, respectively. For overall sales, however, the winner remains chicken, having garnered 11.51¢ of every dollar spent in food courts. Following were burgers, 8.82¢, and Mexican food, 8.48¢. Ice cream finished last, at 4.53¢. Other foods that had disappointing results were yogurt, hot dogs, and pastry/croissants.



SOURCE: 1988 Robert Half International survey

Managing Amid A Labor Shortage

In times of scarcity the idea is to keep what you've got, right? In the case of a dwindling foodservice labor supply, a few managerial tips might help stem the tide of work-force erosion. Robert Half International president Max Messmer suggests that "managers who criticize subordinates in public, suppress ideas and opinions, or show disregard for the sensibilities of others do a major disservice both to their companies and their own careers." Another consultant notes, "Management's job is to manage people, not job descriptions." Forecasts indicate that the labor market will continue to shrink.

CHARTS DESIGNED BY SHARI FANG

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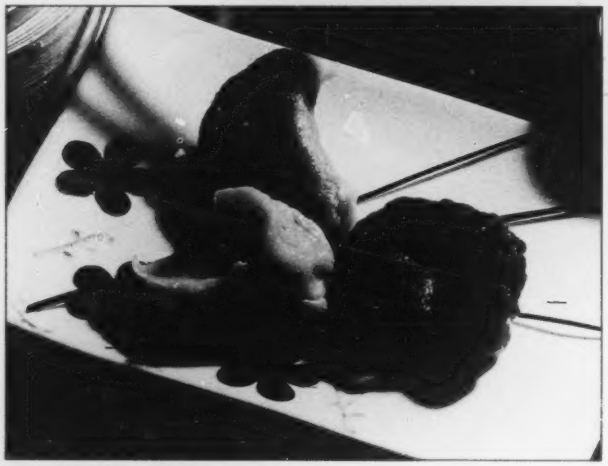

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Cover photograph by Dan Moore

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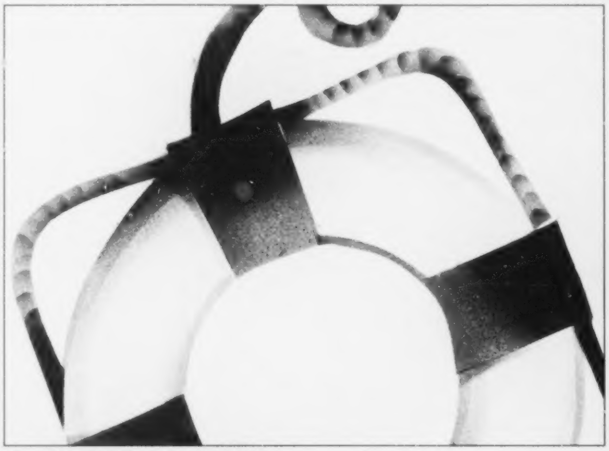
Restaurant Business now has available specially prepared reprints of the **1988 RESTAURANT GROWTH INDEX** and the **1988 MAJOR FORCES IN FRANCHISING.** These annual studies are invaluable reference tools.

The reprints are available for $5 per copy. Direct orders and inquiries to: Editor Peter Berlinski, *Restaurant Business* Magazine, 633 Third Avenue, New York, NY 10017.



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Chick-fil-A
TASTE IT.
YOU'LL LOVE IT FOR GOOD.

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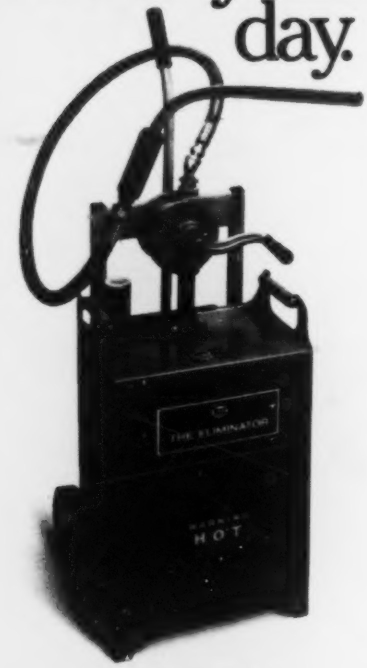
It'll make your day.



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CHICKEN

Despite steady increases in chicken consumption, not all of the players are faring well.

Chicken Littles
FRENCH FRIES
Kentucky Fried Chicken

Customers at Kentucky Fried Chicken consumed almost 3 billion pieces of chicken in domestic units last year.

BY JACQUE KOCHAK

The chicken segment presents a puzzling picture. The talk these days is about a mature market, flat sales, and the fight for market share. Some operators flourish while others are struggling. More than one company is in bankruptcy proceedings.

Yet chicken consumption continues to rise. According to the National Broiler Council, Americans ate 65.3 pounds of chicken per person in 1988, compared to 62.6 pounds in 1987. That's an increase of 2.7 pounds per capita, on top of an increase of four pounds per capita in 1987 over 1986.

Jacque Kochak is a freelance writer who specializes in foodservice. She is based in Yorktown Heights, NY.

In fact, chicken consumption has jumped 100% against a slow 22% increase in beef consumption over the past 20 years, according to the U.S. Department of Agriculture. Recently, poultry consumption exceeded beef and pork for the first time.

Nevertheless, a CREST survey of 13,000 households by Park Ridge, IL-based GDR Enterprises Inc. shows that consumer expenditures in chicken restaurants rose only 1% for the 12 months ending February 1988, compared to a 4% increase for the same period last year and double-digit increases four years ago.

Part of the situation may be traced to consumer concerns about the linking of salmonella food poisoning to chicken. But the real dilemma may lie in operational problems and the tight market.

In the past, chicken chains typically built low-cost, no-frills buildings and concentrated on their signature product, chicken. But then, following the lead of the rest of the fast-food industry, chicken operators began to build

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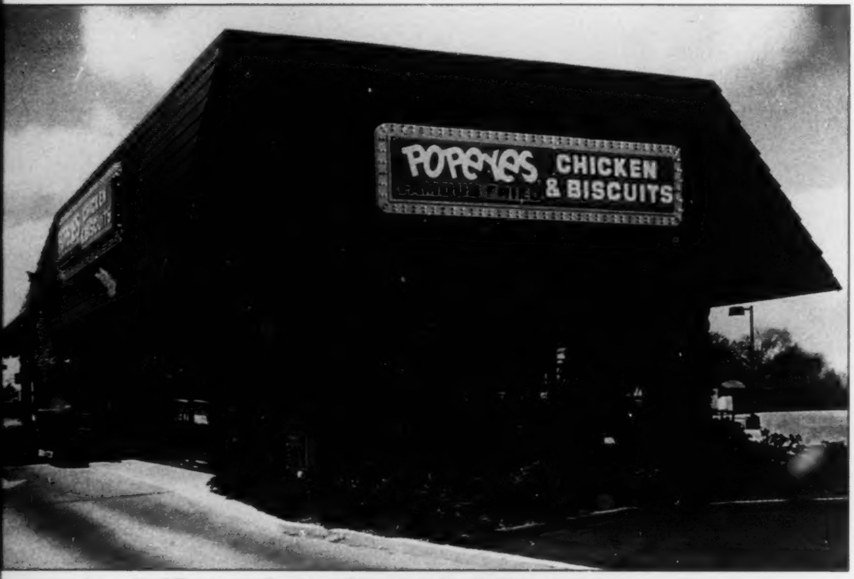

A typical Popeyes freestanding fast-food chicken unit.

The chicken segment faces a tight and competitive market, with slowed unit expansion and flat sales.

larger, more elaborate units and modestly expand their menus. Sometimes trouble followed.

"The chicken business hasn't changed a lot; chicken is basically a take-out dinner item," says one executive. "We've all tried to improve lunch sales and increase dine-in business. Inroads have been made, but not enough to generate high sales volumes. You can't justify putting in large, expensive units; the margin just isn't there."

Nearly all players agree that the chicken segment is no longer growing, and that competition is intense.

COMPETITION. "Everybody is trying to grab business from the others," says Doug Valenski, national promotions manager for San Antonio-based Church's Fried Chicken Inc. "The segment is not expanding, and it is our impression that overall sales are going to stay flat. It is really a fight for market share."

"What we're seeing is consolidation," adds Gregg Reynolds, vice president of public affairs for Louisville-based Kentucky Fried Chicken, a PepsiCo subsidiary. "It's a classic case of well-managed chains doing well, and less-well-managed chains not doing well."

It is interesting to note that one of the biggest competitors and the second largest purveyor of fast-food chicken after KFC is not a chicken chain but McDonald's. McDonald's is such a factor in the chicken segment that whenever the hamburger giant runs a big promotion on its Chicken McNuggets, a tremor runs through the segment as wholesale chicken price increases are anticipated.

Meanwhile, the National Broiler Council foresees some price increases in 1989 because of this year's drought, which has cut into feed supplies. The increase may be 5% to 10%, says Bill Roenigk, the council's director of economic research, but there may very well be less beef and pork available, so chicken will still be an attractive alternative.

THE GIANT. Kentucky Fried Chicken is far and away the biggest player in the chicken segment, with 4,814 domestic units and 2,708 overseas operations. KFC's worldwide system sales in 1987 topped $4 billion, with U.S. sales reaching $2.7 billion—which accounts for 45% of the $6 billion quick-service chicken sales.

KFC alone sold 326 million chickens in the U.S. in 1987, and served 807 million meals. Customers at KFC consumed almost 3 billion pieces of chicken in domestic units, or more than 12 pieces for every man, woman, and child in the country.

The company operates the largest fast-food restaurant in the world, in China, with 500 seats on three floors. KFC opened the restaurant in November 1987, with its joint venture partners, the Beijing Corp. of Animal Production, Processing, Industry, and Commerce and the Beijing Travel and Tourism Corp. The Chinese KFC is located on one of the busiest intersections in Beijing, where an estimated 150,000 people stream past daily. The restaurant features 12 cash registers to quickly handle between 2,000 and 3,000 customers daily.

"We want to continue to grow. We want to outperform the industry, and take market share," says Reynolds. Average unit volumes nudged $660,000 in 1987. That's a 6% increase over 1986. In fact, in 1982 average unit sales were only $388,000; the company has posted attractive increases in average unit volume every year since.

Kentucky Fried Chicken's current efforts are concentrated on building

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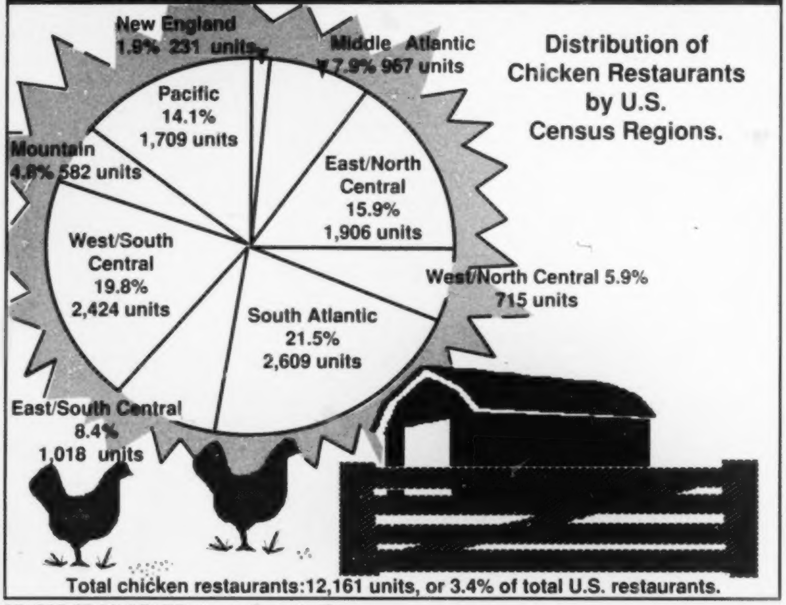
POULTRY PROLIFERATES IN SOUTH



SOURCE: RE-COUNT '87 Restaurant Consulting Group

CHART BY SHARI FANG

Broadening menus and moving away from their signature product has spelled trouble for some chicken chains.

lunch business; like most chicken fast-food chains, most of KFC's sales come from dinner. "Lunch is a big opportunity for us," says Reynolds. "We opened our assault last year with Chicken Littles for 39¢. Chicken Littles have a good price/value appeal, and are squarely in the ballpark of the small hamburgers at hamburger outlets." The addition of Chicken Littles increased traffic in stores, and that allowed the company to add shoestring french fries, which can only be held five to seven minutes. Now, several other lunch-oriented products are in test, including fresh salads and chargrilled chicken.

For several years, KFC has been testing home delivery, which could be a useful complement to a business that is 85% takeout. "We want to know everything there is to know about home delivery," says Reynolds.

NEW HEAD START. Church's Fried Chicken, the second largest chain in the chicken segment, has suffered some reverses. But competitors see the chain as possessing some real strengths and expect good things from new president and chief executive officer Ernest Renaud, formerly head of the Long John Silver's seafood chain. Renaud succeeded J. David Bamberger, who remains chairman. Bamberger had stepped in to fill the executive slot when Richard Sherman left in 1987 after he was involved in an unsuccessful leveraged buyout attempt.

Church's was operating 1,495 units at the end of 1987, down from 1,549 in 1985. The company's 1987 systemwide sales were $533.8 million, down from $639.9 million in 1985.

In response, aggressive action was taken in 1987 to combat declining sales. The company determined that a very simple system had become com-

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Church's adopted "Big Pieces and Little Prices" as its marketing theme.

Chick-fil-A
TRADEMARK
TASTE IT. YOU'LL LOVE IT FOR GOOD.
VALUE MEAL
Chick-fil-A
NUGGETS

Chick-fil-A specializes in a filet sandwich, rather than a bone-in product.

Chicken consumption has jumped 100% against a slow 22% increase in beef consumption over the past 20 years.

plicated with too many products and promotions that slowed service and confused customers and employees, increased labor at store level, and required too much valuable management time. All multi-unit managers were equipped with stopwatches to heighten awareness of service times.

Units were spruced up, with lightened store exteriors, and the word "fried" was dropped from store signs.

The bureaucracy at headquarters and in field operations was trimmed, with field operations reorganized from four regions to nine zones so that management would be in closer touch with stores. New pay and bonus plans were also instituted.

Possibly most important of all, Church's reconfirmed its identity: small stores offering low prices, high value, and dependable products. Church's now sees itself as best serving its market with small, walk-up, drive-thru, take-out stores requiring a low capital investment.

As a result, new stores will primarily be mini walk-up or drive-thru models located on someone else's real estate.

"Big pieces and little prices," the basis of Church's reputation, was adopted as the marketing theme for 1988. "We're trying to become the low-cost provider within the industry," says Douglas Valenski, national promotions manager.

The company also introduced a "Chicken Big" sandwich that sells for 99¢ in an attempt to spark lunch business. In so doing, Church's slyly capitalized on KFC's huge advertising budget by pointing out that this sandwich is "big," unlike KFC's Chicken Littles. The sandwich, introduced in January, brought a lot of new people into units, says Valenski. Then Church's followed up with a $3.99 promotion on eight pieces of dark meat, a good value for customers and a profitable alternative for Church's.

The company also determined that in the last few years it had given up too easily, closing some stores prematurely. Closed store properties were surveyed, and 14 were targeted for reopening.

As a result of these efforts, average unit volumes of about $400,000 have turned around after two years of decline. Overall sales are up about 2%, with transaction counts up 5% to 6%, says Valenski.

SPICY NICHE. The third largest chicken chain in the country, New Orleans-based Popeyes Famous Fried Chicken & Biscuits, has carved out a niche for itself with a spicy Cajun chicken and red beans and rice. Average unit volumes are among the highest in the segment, at $730,000. It is clear, however, that the fast growth days are over.

Recognizing this evolution, founder Al Copeland restructured his two companies, Popeyes and Copeland's Cajun American Cafes. A management company, Al Copeland Interests Inc., was formed to oversee financial planning of the two chains. Copeland will serve as chairman of the board of directors. Copeland relinquished his position as president of Popeyes to James A. Flynn, previously with the Brown Group Inc. of St. Louis.

Popeyes has always been a little different from the competition, and that difference was underscored in February when the company tested with a battered crawfish platter that is selling out in the South.

The company's expansion plans continue to be among the most aggressive

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KFC's average unit volumes nudged $660,000 in 1987, a 6% increase.

One of the biggest competitors and the second largest purveyor of fast-food chicken is not a segment chain at all—it's McDonald's.

in the segment, with some 100 new units expected to open in 1988.

Charlotte, NC-based Bojangles' of America has some 220 units throughout the Southeast. At press time, the company was in the process of being sold to its largest franchisee, Carabo Inc. of Greenville, SC, by parent Horn & Hardart. "At this point, for a lot of reasons, including the impending sale, I have to say 'No comment'," said vice president of marketing John Pietro.

Bojangles' has been experiencing difficulties since about 1986, troubles that observers attribute to expanding too quickly and to problems with defining a position. Nevertheless, the company's average unit volumes are among the highest in the segment, at $750,000.

In addition to fried chicken, Bojangles' serves breakfast and derives about a third of sales from that daypart. Breakfast, along with more than one kind of chicken, has helped to broaden the company's customer base.

Atlanta-based Chick-fil-A, while still a regional company, is the fourth largest chicken chain with 375 units in 31 states. Chick-fil-A specializes in a chicken filet sandwich, rather than the standard fried bone-in product. The majority of sales derive from the lunch daypart rather than dinner.

Chick-fil-A also departs from the competition in that most units are located in malls. In fact, Chick-fil-A does not really go head to head with other chicken chains. Chick-fil-A's competition is other fast-food operators serving lunch in malls.

The company has only seven freestanding units, but is considering expanding freestanding units more aggressively. "There are only so many malls, and in some areas of the country there just aren't any more malls available," says Don Perry, manager of public relations.

The average unit volume for a mall unit is $574,000, says Perry. That figure is higher for freestanding units, which are larger (seating about 100 people, while mall units utilize food-court seating) and offer extended hours. Of course, the cost of building a freestanding unit is also higher.

The freestanding units also offer a signature breakfast program consisting of a made-from-scratch biscuit with egg, sausage, or other fillings; a cinnamon roll; juice; coffee; and eggs. The company has introduced a new design and decor package, which includes new uniforms. New product introductions include "waffle" fried potatoes and a waffle brownie with walnuts.

Perry says that the company is still in a growth mode. "We're still going into a lot of new markets," says Perry. In fact, the company plans to open 25 to 30 new locations a year in the future.

Chick-fil-A's 1987 systemwide sales approached $203 million, an increase of 11% over 1986. The increase is attributed mainly to the opening of 19 new units.

DIFFICULTIES. Besides Bojangles', several other upscale chicken chains have encountered difficulties of one kind or another. Grandy's, Mrs. Winner's Chicken & Biscuits, and Sisters Chicken & Biscuits have all been forced to take a hard look at their images and begin efforts to reposition.

Dallas-based Grandy's has seen average unit volumes decline from $983,000 two years ago to $925,000 this year—but that figure is still high for the segment. The sales decline has been blamed on economic problems in the Southwestern markets where Grandy's is strong, as well as on problems in penetrating newer markets.

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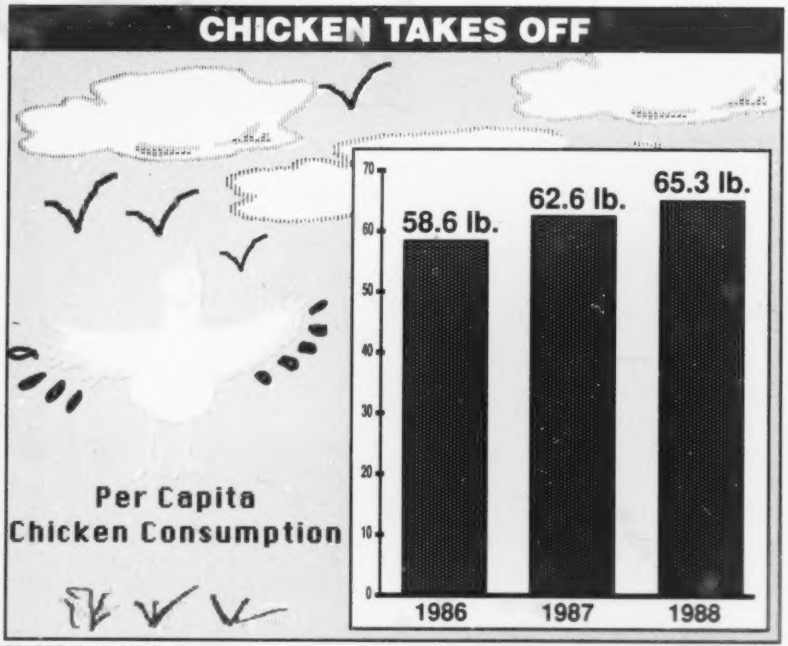

SOURCE: National Broiler Council

CHART BY SHARI FANG.

> **Current consumer concerns about health have prompted fried-chicken chains to experiment with baked or broiled items.**

The company projects 1988 systemwide sales of $196 million, up from $182 million in 1987. Grandy's is now part of Anwar Soliman's American Restaurant Group, based in Newport Beach, CA. Soliman's lending agreements have placed a cap on Grandy's company-store expansion, so unit growth has been slowed.

In trying to reestablish its pla[illegible] the customer's mind as a fast-fo[illegible]staurant, Grandy's recently rolled out a line of sandwiches including a fried filet of chicken breast sandwich and a country-fried steak sandwich. The sandwiches cost $2.29, or $3.29 with a choice of two vegetables. Grandy's is also emphasizing takeout; drive-thru sales have climbed to 33% of total volume.

Grandy's differs from a KFC or a Church's because sales are spread out more evenly through all dayparts. A self-service breakfast bar contributes to breakfast sales, which make up 20% of the total. Lunch and dinner each account for 30% to 35% of the total, with snacks making up the rest.

Mrs. Winner's Chicken & Biscuits, based near Nashville, TN, has seen difficult times in recent years as average unit volumes dipped to $560,000. The 145-unit chain is a division of Winner Corp., a publicly owned company that is also a Wendy's franchisee. The company has closed 10 stores in Baton Rouge, and sold its $4.5 million headquarters.

The company is betting on a new menu line called Southern Originals, which includes selections of meat loaf, pork chops, pot roast, hamburgers, steak, fish, and chicken and dumplings, served with two vegetables and a biscuit for $2.99. Only one entree is offered each day in rotation. The Southern Originals help move Mrs. Winner's away from a dependency on chicken, and according to management, consumer response has been good.

Mrs. Winner's is also very dependent on breakfast, which generates almost 40% of sales. The restaurants serve a biscuit line as well as traditional morn-

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Mrs. Winner's Southern Originals line moves the chain away from chicken.

A survey reports consumer spending in chicken units rose only 1% last year, compared to a 4% increase for the previous year.

ing platters, and are experimenting with muffins and breakfast bars.

However, the success of McDonald's biscuit breakfasts has been eating away at Mrs. Winner's breakfast business. During the first quarter of 1988, Mrs. Winner's breakfast sales fell 6% when McDonald's heavily promoted its biscuit sandwiches.

Westlake, OH-based Sisters Chicken & Biscuits is trying to reestablish its identity with customers as a chicken purveyor. Observers say that Sisters' problems began when the company began adding too many other products, such as salad bars and sandwiches, as well as fajitas.

In an attempt to attract new, young customers, Sisters has rolled out a new marketing campaign using a musical motif of a 1960s pop song "Shake a Tail Feather."

Sisters, with 63 units primarily in Ohio, last year was sold by Dublin, OH-based Wendy's to the largest franchisee, SIS Corp., for $14.5 million.

One of the hardest-hit companies in the chicken segment is Los Angeles-based Pioneer Take-Out Corp., which is now in Chapter XI bankruptcy proceedings. The company is in the process of being acquired by the privately owned Intercoastal Group, says court-appointed president Tom Wheelock. Sales for 1988 are projected to be $65 million.

Pioneer's 350 units have contracted to 210, mostly in Southern California. Playing a part in Pioneer's downfall was intense competition in the chicken segment—especially from El Pollo Loco, whose units are concentrated in California—but other factors were more important.

"A war between franchisees and the former owner (H.R. Kauffman) caused the problems," says Wheelock. "Disagreements over the amount of sup-

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port franchisees were getting caused a rash of lawsuits back and forth, and cash stopped coming in."

Wheelock is optimistic about Pioneer's future, however. The company has started to advertise for the first time, with a theme that plays off KFC's high profile. Advertising points out that Pioneer Take-Out's chicken breasts are cut into two pieces instead of KFC's standard three.

REGIONAL. The chicken segment has always included a number of good-sized regional chains. Among them is Richmond, VA-based Golden Skillet International Inc., owned by International Dairy Queen.

With the exception of 20 units in Puerto Rico, the balance of Golden Skillet's 83 units is located in Virginia and North Carolina. The company has no plans to open new units.

"We are paying a lot of attention to upgrading stores and remodeling," says president Charlie Cocotas. "We have offered franchisees attractive financing opportunities to remodel interior, with new menu boards." Franchisees can borrow as little as $2,500 for Operation Facelift, as the upgrading program is called.

The company is also testing additions to its menu that dovetail into the primary business, which is takeout. Both spaghetti dinners and hot submarine sandwiches are being tested, with the object of expanding the customer base. Golden Skillet has also added a fish sandwich and a country-fried steak sandwich.

Golden Skillet's 1987 systemwide sales reached $28 million in 1987, with average unit volumes of about $375,000. Unit sales are up slightly over past years. "Nothing dramatic, but compared to the rest of the segment we're doing well," Cocotas notes.

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> **Because of the drought, which has cut into feed supplies, price increases of 5% to 10% for chicken are predicted.**

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TOP CHICKEN CHAINS

Company Headquarters	1987 Systemwide Sales	Number of units
Kentucky Fried Chicken Louisville, KY	$4 billion	7,522 (4,814*)
Church's Fried Chicken San Antonio, TX	$533.8 million	1,495
Popeyes Famous Fried Chicken New Orleans, LA	$460 million	703
Chick-fil-A Atlanta, GA	$203 million	375
Grandy's Dallas, TX	$182 million	200

*domestic

CHART BY SHARI FANG

Much of the segment's sales are derived from take-out dinner business; current efforts aim at expanding to other dayparts.

Another regional chain that is holding its own is Austin-based Golden Fried Chicken of America, with 68 units in Texas and three under construction. Two or three additional units will open this year. President Steven Neeley says that, overall, sales are flat, but the flatness can be attributed to the sluggish Texas economy.

Golden Fried Chicken serves a crispy fried chicken product. Small buildings seat about 50, with drive-thru service available. Golden Fried Chicken differs from its larger competitors, such as KFC and Church's, because a much larger percentage of sales is derived from lunch; sales are equally divided between lunch and dinner. Neeley attributes the strong lunch traffic to the fact that Golden Fried Chicken has always emphasized development in small towns. The introduction of chicken fajitas has also helped lunch traffic, he notes. The fajita consists of baked breast meat served on a flour tortilla served with freshly made *pico de gallo* and guacamole. Neeley says that chicken fajitas are a successful line extension in the Texas market, where Mexican food is very popular.

Another chicken purveyor that is attempting to marry chicken with Mexican food is Phoenix-based El Pollo Asado. The chain specializes in marinated, charbroiled chicken. El Pollo Asado operates 52 units, mainly in the Southwest but also in North Carolina, and has kept up a rapid expansion pace by opening about 15 units within the last year.

Another 18 units are expected to open this year. Presently, 20 of the stores are company-owned; in the fu-

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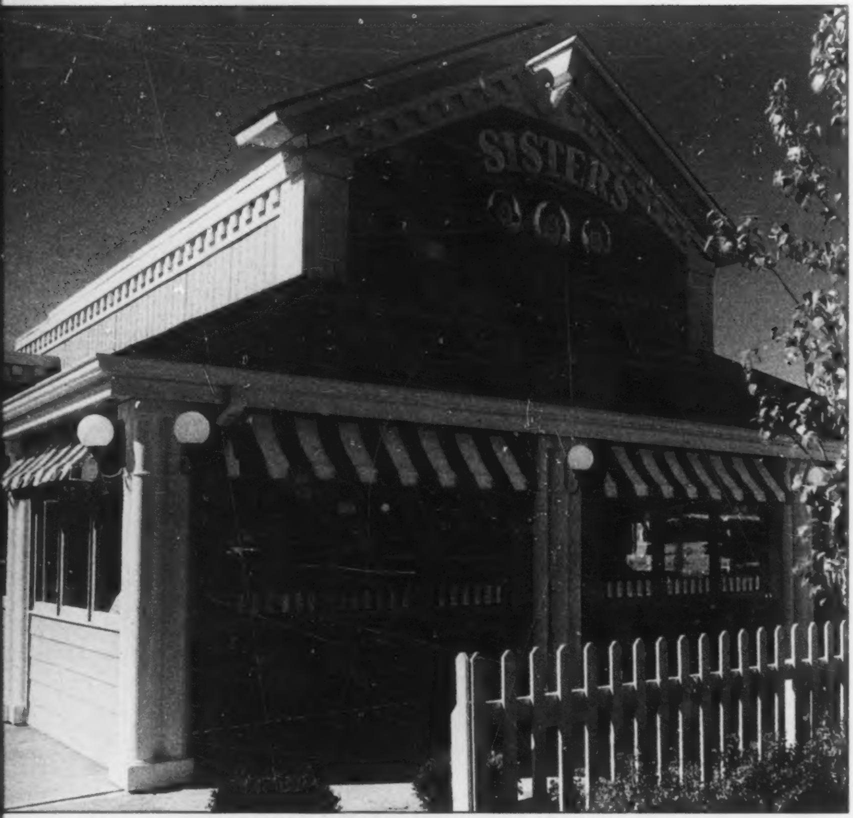
Grandy's Grannies provide extra amenities to customers.



Sisters is trying to reestablish its identity as a chicken purveyor.

The challenge for chicken chains is to generate an attractive return on investment from traditionally low-volume units.

ture, all growth will be through franchising.

In April, the company introduced its new El Pollo Asado Mexican Cafe, and nine units have already been converted. Eventually, all El Pollo Asado stores will become Mexican cafes. The addition of a complete line of Mexican foods along with beer, wine, and margaritas enhances the centerpiece of the menu, charbroiled chicken. The cafes offer self-serve drink bars and salsa bars, and could be compared to the popular Mexican "patio concepts."

Customer reaction to the changes has been dramatic: Sales have doubled in converted units. In the new restaurants, chicken generates only 35% of sales, with Mexican food contributing 50% of the sales mix.

"Our research shows us that people eat chicken once or twice a month," says Richard Peterson, El Pollo Asado president. "They eat Mexican food once a week or more. In addition, our average check is a little higher." Peterson says that the change in concept was spurred by the difficult economics of doing business in the chicken segment. "When a building costs $700,000, you have to generate $1 million volumes," he says. "You just don't do that with a single product." In fact, units that have not yet been converted are posting sales of only $650,000 yearly, according to Peterson.

Another charbroiled chicken chain, El Pollo Loco, is a fierce competitor in California and in many locations *is* ringing up those $1-million volumes. Competitors are skeptical that the chain could do as well outside of California, however, because of the highly regional appeal of its Mexican-style offerings.

La Mirada, CA-based El Pollo Loco is a 100-unit subsidiary of TW Service's Denny's. The test of El Pollo Loco's popularity in new markets is coming, as the company plans to open as many as 35 franchised stores this year throughout Florida, Texas, and Arizona, as well as 40 additional company stores in California.

The company has entered the international marketplace, with an agreement signed with EPL Japan to open 484 units in Japan over the next 11 years. The company has also signed development deals in Australia and New Zealand, and has plans to enter Canada, Southeast Asia, and Europe.

FUTURE OUTLOOK. While chicken continues to grow in popularity, chains in the chicken segment are faced with a real challenge: how to generate an attractive return on investment when chicken outlets have never been famous for high volumes.

Some operators are adding menu items, but that route has proven to be risky for some as the concepts have lost their identity with the public. Others are retrenching, falling back on known strengths and returning to the days of small, simple but attractive units that represent a small investment. With a small investment, obviously, generating high volumes is not as important.

Finally, all operators in the segment are keeping anxious eyes on Kentucky Fried Chicken, as PepsiCo's giant, well-managed subsidiary continues to expand—quite often to the detriment of competitors.